SENATE—*Wednesday, March 16, 1994*

(Legislative day of Tuesday, February 22, 1994)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the Honorable DIANNE FEINSTEIN, a Senator from the State of California.

PRAYER

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

Let us pray:

*Beware that thou forget not the Lord thy God * * * Lest when thou hast eaten and art full, and hast built goodly houses, and dwelt therein; And when thy herds and thy flocks multiply, and thy silver and thy gold is multiplied * * * thine heart be lifted up, and thou forget the Lord thy God * * * And thou say in thine heart, My power and the might of mine hand hath gotten me this wealth * * *.*—Deuteronomy 8:11–14; 17–18.

Lord God of Abraham, Isaac, and Israel, may we hear these sober warnings from Moses lest this Nation fail to fulfill its God-destined role. Heighten our gratitude for the blessings so lavishly bestowed upon us. Deepen our humility in recognition of the resources so uncommonly plentiful in our land. Broaden our sense of justice. Lengthen the outreach of our love to all who suffer, the homeless and the hungry, the persecuted and the oppressed. Sensitize us to the hurt and pain of all peoples, at home and abroad. Make us advocates of the voiceless, the weak, the poor, the elderly, the neglected.

We pray in the matchless name of Him who, in love, gave His life for all peoples. 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, March 16, 1994.

To the Senate:

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

ROBERT C. BYRD,
President pro tempore.

Mrs. FEINSTEIN 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.

GENERAL AVIATION REVITALIZATION ACT OF 1994

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1458, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1458) to amend the Federal Aviation Act of 1958 to establish time limitations on certain civil actions against aircraft manufacturers, and for other purposes.

The Senate proceeded to consider the bill.

The ACTING PRESIDENT pro tempore. There will be 60 minutes of debate, with the time to be equally divided between Senators KASSEBAUM and METZENBAUM.

Who yields time?

Mrs. KASSEBAUM addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Kansas.

Mrs. KASSEBAUM. Madam President, I first wish to express appreciation to some of my colleagues who have been involved in this discussion on general aviation product liability for some time. Certainly, there are many, and I do not want to leave anyone off the list, but just to express appreciation to a few.

One is certainly the Republican leader and the Senator from Kansas [Mr. DOLE]. But, also, I express appreciation to a number of Senators who, for a number of years, have spoken to this issue with great compassion and great concern about it. They are Senators MCCAIN, GORTON, DANFORTH, HATCH, MURKOWSKI, PRESSLER, INOUYE, GLENN, ROCKEFELLER, and others who have cared a great deal about this issue. But one in particular is a former colleague and pilot extraordinaire, Jake Garn. It was his wish that we would pass this before he retired from the Senate. Now this will come to fruition, and I hope brighten his flying days.

There were a number of questions asked about this issue, and I wish to respond to just a few. One of them is why is this important? General aviation is the backbone of our aviation industry. Approximately 80 percent of all airplanes in the United States are general aviation planes, and more than 5,000 airports and communities they serve rely exclusively on general aviation for air transportation.

General aviation aircraft are the small airplanes that are used by flight training schools, by local flying clubs, by agricultural pilots, and by recreational pilots. In most cases, these users cannot afford the substantial price increases that have occurred since the middle 1980's, largely due to the effects of the product liability costs.

The National Transportation Safety Board investigates all general aviation accidents. Some have asked why we can be so sure that there are precautions that are being taken that will ensure safety in the industry, and by providing now an 18-year statute of repose are we disregarding safety precautions?

I just would like to go through that a minute, because if the NTSB determines that the accident was caused by design or manufacturing defects, the NTSB will make an emergency recommendation to the FAA, the Federal Aviation Authority, that an airworthiness directive must be issued. An airworthiness directive requires that a plane be modified to make it safe before it can be flown.

If a manufacturer discovers a possible problem with any of its planes it is required by law to send out a service bulletin to owners, explaining what the problem is and how it should be remedied. In addition, that information is sent to the FAA, which will determine whether or not to issue an airworthiness directive.

By way of background, a service bulletin is sent by the manufacturer to the owner and it states what should voluntarily be done to make the plane safe. An airworthiness directive is sent by the FAA to the owner, and it states what must be done to make the plane safe. Planes which do not charge per flight are required to undergo an annual inspection. Maintenance must be done by a FAA-certified mechanic, and then it must be inspected by an FAA-certified inspector. Planes which sell tickets must be inspected after every 100 hours of use.

Madam President, this is just to show that there is a precaution every step of the way in the manufacture and maintenance of the plane. If there is a manufacturing defect, manufacturers should be held responsible; if not, we should be able to resolve this in a way that will put the light plane industry back on its feet.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

I also express appreciation to the chairman of the Commerce Committee, the Senator from South Carolina [Mr. HOLLINGS]. While he has not supported this legislation, he has, as well as the Senator from Kentucky [Mr. FORD] been responsible for helping us at least report it out of the Commerce Committee, and I am appreciative of that.

I also say to Senator METZENBAUM of Ohio that I appreciated his efforts in helping us work out some language that, while he does not support it, has made it agreeable on both sides and helped us reach this point after almost 10 years of discussion, and I am very appreciative.

I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. GORTON. Madam President, will the Senator yield?

Mrs. KASSEBAUM. I am happy to yield a few minutes to the Senator from Washington.

The ACTING PRESIDENT pro tempore. The Senator from Washington is recognized.

Mr. GORTON. Madam President, before the morning is out, this proposal, S. 1458, will have been adopted by the Senate by a vote which this Senator suspects will be overwhelming. It will be a first and dramatic step toward reforming the product liability laws of the United States.

The specific subject of this legislation offers perhaps the most dramatic single illustration of the adverse impact of product liability litigation on a particular and important American business and set of manufacturing entities, any of which are covered by product liability legislation. The general aviation industry in the United States has effectively been destroyed over the course of the last two decades by product liability litigation.

In the case of the Beech Aircraft Co., which kept a tally for 3 or 4 years of litigation involving its products, it found itself involved in 203 lawsuits, in every one of which the National Transportation Safety Board found that the cause of the accident was something other than a design or manufacturing error. But the average of those 203 cases cost that company over a half a million dollars to defend.

This crushing burden has driven at least one major general aviation manufacturer out of the piston aircraft business entirely and has literally decimated the business of others. It is to the good of no one. It has cost jobs. It has cost American competitiveness. It has cost those who wish to purchase new aircraft the degree of choice which they have had in the past.

Finally, after more than 10 years of effort, the Senate of the United States is about to do something to restore that industry in a manner which is fair, not only to the manufacturers and to their employees, not only to the pilots who will fly these new aircraft, but to the entire population of the United States.

The distinguished junior Senator from Kansas has a high degree of hope that this bill will then pass the House of Representatives and become law. It will, if it becomes law, become a striking testament to the ability of the Congress of United States to do something finally for American manufacturing and American competitiveness.

But its passage will be a tribute most particularly to the persistence of my friend and colleague, the junior Senator from Kansas [Mrs. KASSEBAUM] who has had this as a cause which has motivated and driven her for longer than this Senator has been a Member of the U.S. Senate. That persistence, that drive, that devotion to her cause is about to be rewarded, and I think the Nation will owe a great debt of gratitude to the junior Senator from Kansas when S. 1458 becomes the law of the land.

The ACTING PRESIDENT pro tempore. Who yields time?

Mrs. KASSEBAUM. Madam President, I yield 5 minutes, or whatever time he would like, to the Senator from Arizona.

The ACTING PRESIDENT pro tempore. The Senator from Arizona is recognized.

Mr. MCCAIN. Thank you, Madam President.

I would also like to begin by adding my words of praise to the Senator from Kansas [Mrs. KASSEBAUM] who has fought this issue for 10 years. Time after time, she has attempted to get a vote on this issue. It was clear to all of us that, if we could have gotten it for a vote on the floor of the Senate, it would have been overwhelmingly supported, as it will a short time from now.

I remind my colleagues that we still have a major hurdle to overcome in the form of getting this legislation up for a vote in the other body. I am told that there are 255 cosponsors of legislation which is almost exactly the same as this in the other body. So we have reason to have some confidence, but at the same time we must see it through and hopefully that will happen in the next few weeks.

I do not think there is any doubt that without the tenacity and hard work of Senator KASSEBAUM, we would not be where we are today. I want to thank her not only on behalf of her colleagues here in the Senate, but for providing the opportunity for thousands of young men and women who will, as a result of this legislation, be able to find jobs in the industry, thousands of young men and women throughout the Nation who will have the opportunity again to learn to fly at reasonable costs, because the cost of general aviation has literally gone out of sight in the past 15 to 20 years as a result of product liability costs; and, frankly, for the ability to restore jobs.

I would like to thank Mrs. KASSEBAUM for restoring an industry to the United States of America which generally overwhelmingly had fled overseas. All of these will be very beneficial and nearly immediate results of the passage of this legislation.

As we know, an estimated 100,000 jobs have been lost. While demand for these products remains high, most production has moved overseas to foreign competitors.

Madam President, I think it is well to review that 93 percent of all light aircraft accidents are pilot error, 99 percent of aircraft accidents have nothing to do with manufacturing defects, and less than one-half of 1 percent of the accidents are related to manufacturers' design or poor repairs. In every case, plaintiff's attorney claimed that a crash was the fault of the manufacturer.

Beech Aircraft analyzed more than 200 crashes that had occurred in the mid-1980's. In every case, Federal investigators blamed weather, faulty maintenance, and air-control errors. In not a single case was Beech's design or manufacturing identified as the cause of the crash—however, suits cost Beech an average of $550,000 apiece.

From 1978 to 1992, American general aviation manufacturers spent as much to defend product liability suits as they had spent for the prior 30 years in developing new aircraft.

Some have suggested that product liability laws are the reason for general aviation's improving safety record. I do not believe that is an adequate representation of the facts. The facts are aircraft operations and pilot training are federally regulated, and pilot training practices and standards have been continually improved for over 40 years; many general aviation airports were paved and lighted for the first time; many airports have added instrument approach procedures; and a record proportion of active pilots hold instrument ratings. Because of these factors, I believe general aviation attained a record low number of accidents in 1993.

I would just like to also pay tribute in this process to the President's National Airline Commission to Ensure a Strong Competitive Airline Industry, which played, I believe, a key and vital role in bringing greater visibility to this issue.

As we all know, this Commission strongly recommended this kind of legislation. They believed that it was a principal way to revitalize our ailing aviation industry and create jobs immediately. This 26-member, bipartisan Commission consisted of appointees of the President and leadership of the House and Senate. They made a number of recommendations. The chairman, Gov. Gerald Baliles, told me that no other recommendation received

stronger support from the Commission than the emphatic unanimous decision to reform aviation product liability.

This recommendation was supported by numerous labor groups, most notably by the International Association of Machinists.

However, this legislation is strongly supported by the aircraft manufacturers, and they will back their words with actions.

Madam President, I think we are at a watershed point here in the future of general aviation in America. I believe that we can look forward with some optimism to the restoration of 100,000 jobs, recapturing the market for general aviation, which has been taken overseas, and to a more fair and level playing field for those Americans who need to bring suit in case of product liability.

Again, I thank the Senator from Kansas [Mrs. KASSEBAUM] for her long dedicated effort on what now appears to be the dawning of a new day for general aviation.

I yield back the remainder of my time.

Mrs. KASSEBAUM. Madam President, I would just like to express my appreciation to the Senator from Arizona [Mr. MCCAIN] who has been stalwart in his efforts on this issue. It has meant a great deal to him. He has been a distinguished pilot and he knows very well how important this is to aviation in general and to certainly pilots in particular. I am very appreciative.

Madam President, I could talk further, but I do not want to use up more time because I know there are others who wish to speak.

I suggest the absence of a quorum, and ask unanimous consent that the time be equally divided against both sides.

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

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

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Who yields time?

Mrs. KASSEBAUM. Madam President, I yield the Senator from South Dakota 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from South Dakota is recognized for 3 minutes.

Mr. PRESSLER. Madam President, I rise today in strong support of Senator KASSEBAUM's general aviation reform bill, as modified. Senator KASSEBAUM has long been a champion of this necessary liability reform and I commend her for her tenacious efforts.

I believe this will be the first piece of tort reform legislation to pass the Senate since I was elected to serve in this body in 1979, even though this issue has been debated for many years. I want to congratulate Senator KASSEBAUM. It has been a long fight.

Yesterday, in the Judiciary Committee, we held a hearing on the general issue of product liability reform. This is a very tricky issue. We must protect the ability of the little guy to be able to hire a law firm on a contingency basis and sue the big guy, otherwise the little guy will not have a chance. At the same time, we must ensure that all of our products and services are not being priced out of the market.

The point is, under this piece of legislation the little guy can still sue when it is appropriate. We must always protect the right of people to receive justice under our legal system. On the other hand, I believe things have gone too far in one direction. Today, products and goods have become prohibitively expensive as a result of the high cost of liability insurance.

Today, we are building only a very limited number of general aviation aircraft in this country because of our product liability rules and laws. As a result, our foreign competitors are reaping the benefits.

For example, recently I rode from Denver, CO, to Rapid City, SD, in a plane produced in Brazil called the Brasilia. The owners told me they can buy smaller aircraft such as the Brasilia at a less costly price abroad than similar aircraft could be purchased from our own manufacturers here in the United States. We can no longer ignore the liability laws that are forcing our general aviation industry into extinction.

As ranking member of the Senate Aviation Subcommittee, I am well aware of the important role the general aviation industry plays in our Nation's air transportation system. General aviation aircraft allows smaller cities and rural areas across the Nation to receive needed air service. For example, in rural States like South Dakota, many of us rely on general aviation aircraft to travel from one city or town to another. In short, our general aviation industry enables more isolated areas to be linked to the rest of the world.

Despite the continuing demand for general aviation aircraft, a once prosperous domestic industry has experienced a dramatic decline in production since 1978 when 17,000 piston-engine aircraft were produced. Last year, only 555 of these aircraft were manufactured. Why?

This drastic decrease in production is due largely to our laws which allow the doctrine of strict liability to be applied in product liability cases. Current product liability law allows manufacturers to be held liable for defective design or manufacture decades after the aircraft is produced. Given the fact that the average piston-engine airplane is over 28 years old and that one-third of the fleet is over 33 years old, manufacturers continue to be susceptible to a lawsuit for an inordinate amount of time.

This long tail of current liability law allows manufacturers to be sued for defective design or manufacture decades after the aircraft was built. Such liability exposure has imposed prohibitively high insurance and legal costs, regardless of fault. As a result, general aviation companies have stopped making all but a few twin engine and virtually no single engine aircraft.

The problem of legal liability cannot be solved by simply discontinuing production of light aircraft. In my judgment, legislation to bring under control the legal burden on aviation manufacturers must be enacted. We have the opportunity to approve such legislation today.

As the primary sponsor of the legislation explained, this is a modified bill. It would limit the liability of general aviation manufacturers to 18 years from the date of manufacture, except on those parts of the plane that are replaced. In addition, provisions have been incorporated that would provide exemptions to the statute's application under certain limited conditions, such as failure by the manufacturer to be forthright with the FAA during the certification process. I believe even with the exemptions, the overall goal of this liability reform initiative is reached. That is, to give those negligently injured by an airplane manufacturer legal recourse commensurate with a level more appropriate to the industry.

This issue, quite simply, is about jobs. In fact, Russ Meyer, President of Cessna Aircraft, testified before the Senate Aviation Subcommittee on October 27, 1993, that his company will immediately restart production of piston-engine aircraft should this legislation become law. Furthermore, he stated that "within 5 years, more than 25,000 jobs would be created at no cost to the Government." In addition, the International Association of Machinists strongly supports this legislation.

Some believe that we should wait for the Clinton administration's promised review of tort reform before acting on this initiative. I disagree. In fact, the President's own Airline Commission strongly supports general aviation liability reform. In response to the administration's proposal to study the issue, the Commission stated in a November 2, 1993 letter to Department of Transportation Secretary Federico Peña, the following:

> It is clear that this once competitive sector of our manufacturing industry cannot be revived unless this step is taken. This is one of the most important jobs and international

competitiveness issues in our report. It is a limited and targeted response to a demonstrated problem.

The Commission added, "This time is right, right now."

I urge my colleagues to take this opportunity to breathe new life into a once strong, vibrant industry. This is an industry that has lost 100,000 jobs in little over a decade and whose product, while produced in the thousands by foreign competitors, has ceased to be made in the country which is the birthplace of flight and the stronghold of the international aviation industry.

I urge my colleagues to support the bill.

The ACTING PRESIDENT pro tempore. Who yields time?

Mrs. KASSEBAUM. Madam President, I suggest the absence of a quorum, the time to be equally divided.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. PRESSLER. Madam President, I ask unanimous consent to proceed as if in morning business until any Senator arrives who wishes to speak on the general aviation liability reform bill.

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

SUBSIDIZED RESEARCH

Mr. PRESSLER. Madam President, before the Senate decides to pass S. 4, let's take a look at what Europe and Japan have undertaken in the area of subsidizing so-called critical technologies.

The European Community has undertaken an ambitious program to fund precompetitive research, a mission very similar to the Advanced Technology Program in the National Institute of Standards and Technology. Over $7 billion is being spent on the three EC consortia—RACE, ESPRIT, and JESSI. RACE supports research in broadband technologies; ESPRIT focuses on information technology and JESSI funds semiconductor research. Have these consortia been a resounding success? No. In fact, a review of the programs by a group of European industrialists recommended that all three efforts should be scrapped. Like most government-supported programs, however, all are still in existence.

The criticisms of these EC-subsidized programs are that they favor specific technologies, and more importantly, that they are run by government bureaucrats for big companies. The assumption inherent in all of this is that government bureaucrats and large companies can make better decisions about what is a critical technology than the marketplace can.

There are other examples of European subsidies that flopped. Notable among these is the British Government's attempt to subsidize telecommunications. John Browning, formerly with the Economist magazine wrote:

> Until British Telecom was privatized in 1984, its budget was continually raided by ministers looking for cash to pay for their favorite social programs. Investment in digital switches lagged—though since privatization, British Telecom has regained a lot of ground. Meanwhile, managerial and technical problems plagued the development of the British digital switch, called System X. So far, System X has won only one export order, to a Caribbean island.

European aviation subsidies have irritated the United States for years, as the ranking member of the Commerce Committee, Senator DANFORTH, has outlined. But it did not start with Airbus. The first effort at European aviation subsidy was the Concorde. But let us also look at the return European taxpayers have received on their investment. Neither aviation subsidy has turned into a moneymaker for the European Community.

Let us also examine the example of Japan's so-called fifth generation computer project. The Japanese spent a half-billion dollars on the so-called fifth generation computer, and they are currently following this failure with the real world computing project at a projected cost of another half-billion dollars. The fifth generation computer was declared dead by Japan's MITI and the Japanese offered to give away the software developed by the project. But they still continue with the new real world computing project, which once again will attempt to create a computer that thinks using artificial intelligence, and is massively paralleled. There are those who believe this new effort may not succeed, either, and it is generally believed that United States technology is ahead of the Japanese in both fields.

Technology subsidies for critical technologies are supported by the administration. Of course the industries in these critical technologies like this idea, since no one thinks they are as important to the competitiveness of the United States than those receiving the benefits of these Federal dollars. Has Sematech been a success? I think we need to revisit whether, indeed, this has been the case. Sematech has lost a significant number of its members in the past year, and there are many skeptics. Are semiconductors, flat panel displays, artificial intelligence and other critical technologies more important than those sectors of our economy that are not considered critical technologies and yet are world leaders? I think not. Yet, this is the philosophy we are being asked to accept as the underlying premise of S. 4.

We are being asked to approve a bill that dramatically expands funding for the Advanced Technology Program. This program targets funding to critical technologies. Many of the recipients of ATP grants to date have been large industries fully capable of funding their own research and development. The presumption is that the government and big industries are fully capable of determining what the marketplace demands. This sounds suspiciously similar to the failed policies our European colleagues have implemented. Why should the U.S. Government make the same mistakes as our European colleagues? Why do we think we will have better results?

One program which has had success is the German Fraunhofer Institutes, which are similar to the manufacturing extension partnerships authorized under S. 4. These institutes establish partnerships with the government, universities and businesses. The research is conducted primarily by universities, and is not targeted to specific critical technologies. Many of the businesses benefiting from the Fraunhofer Institutes are not semiconductor, electronic or other high technology industries. Many of them are traditional machinery and metalworking industries. They tend to be small to medium-sized businesses.

I have no doubt that the manufacturing extension partnerships, under which the State Technology Extension Program is funded, would benefit my state. We have an existing model that demonstrates that this concept can work in the German Fraunhofer Institutes, and the little funding my State universities—the South Dakota School of Mines and Technology, South Dakota State University, and the University of South Dakota—have received has benefited several businesses looking for technical assistance to get a product developed for market.

If this bill merely increased funding for the manufacturing extension partnerships, I would not object to it. But the majority of the funds in this bill are targeted to the Advanced Technology Program, and the authorization in S. 4 as it came to the floor is $668 million over 2 years. Remember that this program only had an appropriation of $10 million in 1990. The ATP program has not demonstrated the track record to justify such a dramatic increase in funds, and I am pleased the authorization level has been reduced significantly. It is patterned after several programs that have failed in other countries, and I cannot foresee that we will have any more success than the European Community with this flawed model.

GENERAL AVIATION REVITALIZATION ACT OF 1994

The Senate continued with the consideration of the bill.

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from Ohio. The Senator controls 27 minutes.

Mr. METZENBAUM. Madam President, although I still have fundamental problems with the bill offered by the Senator from Kansas, we have indeed reached an agreement—in the form of a modification to the original bill, S. 1458—that addresses some of the concerns with the statute of repose bill.

For example, I and many of my colleagues feel that the arbitrary cut off of 15 years in Senator KASSEBAUM's original bill is too short. This modified bill would extend the statute of repose to 18 years. In my view, that is still inadequate because the average age of general aviation aircraft is 26 years.

In addition, I believe that many dangerous, possibly unintended, consequences could result from a flat immunity from liability in all cases. As the bill of the Senator from Kansas was drafted, the statute of repose provision would provide an incentive for aircraft or parts manufacturers to misrepresent to the FAA or conceal or withhold from the FAA critical information about known defects.

Because there would be complete immunity from private suits after the statutory period, if a manufacturer learned of a defect or other problem, it could simply sit on the information and hope that an accident does not occur within the timeframe.

Frankly, in my view, that is not enough. It is not enough that if a manufacturer were to engage in such unscrupulous conduct, it would be subject to regulatory penalties. History shows that while regulatory penalties help, they are quite inadequate as far as deterring fraudulent conduct. Private actions are necessary to create truly strong incentives for manufacturers to be forthcoming about safety information.

We are talking about the lives of individuals. When you have airplane crashes, people lose their lives. Regulatory agencies simply lack the resources to ferret out all cases of concealed fraud.

If private suits are barred, manufacturers would be tempted to conceal information concerning defects in the hope that such defects would not manifest themselves within the statutory period and regulatory agencies usually would have no way of independently uncovering concealed information.

It is unfair to allow manufacturers of general aviation aircraft or parts to escape liability for a defect if that manufacturer had knowledge or information of the defect that caused the accident in advance, yet failed to come forward with the information. I do not believe we should grant total immunity to manufacturers for such highly egregious conduct, regardless of the age of the aircraft.

I do not think we should leave victims uncompensated and insulate manufacturers where the manufacturer engaged in any kind of intentional or truly outrageous fraudulent conduct. The only real form of protection that consumers currently have against dangerous aircraft is the ability to file a lawsuit against the manufacturer. The threat of a product liability suit plays a crucial role in deterring manufacturers from marketing defective aircraft. Take away this protection for consumers and there will be little incentive for manufacturers to think about protecting consumers instead of protecting their balance sheets.

Now, the modified bill that I have worked out with the distinguished Senator from Kansas does not completely address this concern, but I am frank to say that we have worked cooperatively and she has made a very strong effort, as have I, to bring about the result that we have before us today. That result addresses the problem in part by creating a limited exception to the statute of repose in some cases in which the manufacturer knowingly misrepresented to the Government, or concealed or withheld from the Government, information concerning the performance, maintenance, or operation of an aircraft.

This exception contains certain procedural and substantive hurdles that will be difficult for victims to overcome in many, if not most, cases.

So this modified bill is a compromise on the issue of fraud. The modified bill also partially addresses a concern that innocent victims who, unlike pilots, know nothing about the age or condition of the aircraft they happen to fly in should not be deprived of just compensation for damages suffered as a result of defective aircraft. Unfortunately, the bill only addresses this concern with respect to one limited category of passengers: Passengers who must be airlifted to receive treatment for a medical or other emergency.

In my view, this is not enough. All passengers who have no basis to know or evaluate the condition of the aircraft they ride in—those who cannot be presumed to make an informed decision on whether an aircraft is safe to fly, or who have no choice but to travel on a particular aircraft—these passengers should not be deprived of their legal rights.

Another concern I had with the original bill was that it ignored innocent victims on the ground who are injured or killed when a defective aircraft crashes, when the plane drops out of the sky, an innocent victim is on the ground, not a party to any action at all, and suddenly that individual is very seriously injured or loses his or her life.

What if a plane crashes into a school or a residential area? Innocent bystanders should not be left uncompensated when they are injured or killed by defective aircraft that just fall out of the sky.

This modified bill remedies that inequity and preserves the legal rights of innocent bystanders.

So this modified bill fills in some of the gaps concerning unintended and unfair consequences that would result from Senator KASSEBAUM's original bill.

This modified bill still is far from being an ideal piece of legislation in my view, but it would be an improvement on the original Kassebaum bill. I appreciate the Senator from Kansas' responsiveness to my concerns and her willingness to make a few modifications to her legislation.

But all things considered, I believe it to be bad legislation and hope the House will see fit to make needed changes.

As a matter of fact, I pose a question to the Chair. Has a rollcall been ordered in connection with passage of this measure?

The ACTING PRESIDENT pro tempore. The yeas and nays have not been ordered.

Mr. METZENBAUM. It is my understanding that the Senator from Kansas intends to ask for a rollcall.

Mrs. KASSEBAUM. Madam President, the Senator from Ohio is correct. Perhaps now is the time to ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. METZENBAUM. Under those circumstances, Madam President, I am going to vote for it, not because I think it is the right bill, but because I think it is just as well to pass it, I assume unanimously, in this body, send it over to the House where they can give it more attention and look at it more fully than we have on the floor of the Senate.

I still do not believe it to be good legislation. I do indeed hope that the House will see fit to provide the necessary protection for those who might be adversely affected by the impact of this legislation. But notwithstanding that, by reason of the understanding and cooperation of the Senator from Kansas, I will not stand in the way of its passage and will vote for it with tongue in cheek and with the strong hope that the House will do that which the Senate should have done.

I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. METZENBAUM. Madam President, how much time does the Senator from Ohio have left?

The ACTING PRESIDENT pro tempore. Eighteen minutes 16 seconds.

Mr. METZENBAUM. And the Senator from Kansas?

The ACTING PRESIDENT pro tempore. Seven minutes 30 seconds.

Mr. METZENBAUM. I yield 10 minutes to the Senator from North Dakota.

The ACTING PRESIDENT pro tempore. I have recognized Mrs. KASSEBAUM, the Senator from Kansas. Could you perhaps withhold for a moment?

The Senator from Kansas.

Mrs. KASSEBAUM. I will be happy to yield. I was going to yield time to the Senator from Texas [Mrs. HUTCHISON] but she is happy to wait. We will proceed.

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

Mr. METZENBAUM. Madam President, it is my understanding that the Senator from North Dakota does not intend to address himself to the issues of this bill. So I suggest that the Senator from Kansas proceed, and we will conclude our remarks on the bill, and then the Senator from North Dakota could proceed.

The ACTING PRESIDENT pro tempore. The Senator from Kansas.

Mrs. KASSEBAUM. I yield 3 minutes to the Senator from Texas [Mrs. HUTCHISON], but also to add that Mrs. HUTCHISON, while being the junior Senator from Texas now, was once a very important member of the National Transportation Safety Board and knows well the issues affecting aviation and the importance of safety.

The ACTING PRESIDENT pro tempore. The Senator from Texas is recognized.

Mrs. HUTCHISON. Thank you, Madam President. I thank the Senator from Ohio and the Senator from North Dakota, and most especially I thank the Senator from Kansas for working very hard for this important legislation.

Indeed, I do understand this industry, and I do understand how very important it is to America that we have a strong general aviation manufacturing base. In fact, the average piston engine aircraft made in America is over 28 years old, and one-third of our fleet is 33 years old. Yet, U.S. airplane manufacturers still face exorbitant design and manufacture product liability costs for these planes. So these manufacturers are, in effect, being penalized for having a durable product.

Madam President, I would like to add my support to the General Aviation Revitalization Act offered by my distinguished colleague from Kansas, Senator KASSEBAUM. This bill has 50 cosponsors, and I am proud to be one of them.

The concept of this legislation is quite simple: rescue the U.S. general aviation industry from the escalating product liability costs—which are killing what used to be one of the most thriving industries in America.

The average piston-engine aircraft is over 28 years old and one-third of the fleet is over 33 years old. Yet U.S. airplane manufacturers still face exorbitant design and manufacture product liability costs for these planes. In effect, these manufacturers have been penalized for the durability of their product.

A brief review of the statistical history of this industry is startling. In 1978, 6,000 American workers were involved in the manufacture of 18,000 general aviation airplanes. In 1992, the industry manufactured only 900 general aviation aircraft and employed only 1,000 workers. Over this same period of time, thousands of jobs in aircraft sales and service have been lost.

What happened? The application of strict liability doctrine in product liability cases arising out of aircraft accidents. The cost of legal claims and defense for light aircraft airframe and component manufacturers went from about $24 million in the 1970's to over $200 million during the 1980's—a sevenfold increase. This cost is directly reflected in the price of the product; Beech Aircraft estimates that the costs of litigation added $70,000 to the cost of each new aircraft. That is more than the market will bear, and the three largest manufacturers of piston-engine aircraft virtually have abandoned that line of business.

That is hard on the general aviation manufacturers and their employees, but it is also a disaster for the U.S. balance of trade. In 1978, the light aircraft industry ran a trade surplus of $340 million. In 1981, the industry experienced a balance of trade deficit of $200 million, in 1992 this industry's trade deficit is $800 million. American-made general aviation aircraft are of the highest quality in the world and the most in-demand, but our manufacturers cannot afford to stay in this business to satisfy this demand at home or abroad. So, foreign competitors now have the business.

By enacting the 15 year statute of repose contained in Senator KASSEBAUM's bill, we level the playing field for U.S. manufacturers of light airplanes versus their foreign competition—without changing the product liability laws related to the rules of evidence, punitive damages, standards of care, or comparative fault.

Let me say, however, that I strongly support pending product liability legislation that does address these issues, and I look forward to debating that measure on the floor of the Senate at another time in the very near future. I have talked to leaders of major American corporations which do business all over the world—and they say litigation costs are many times higher for the American operations than their foreign operations—and this is one more incentive for them to move jobs overseas. Senator KASSEBAUM's bill gives me and the many other supporters of broad product liability reform in the Senate much hope for restoring rationality to free-wheeling product liability litigation.

Senator KASSEBAUM's bill will create thousands of new high-paying private sector jobs in general aviation, the kind of jobs for which the members of our armed services who are transitioning out of active duty are highly qualified. These jobs do not come with a Federal price tag, and they do not require the involvement of a Federal agency. They are generated by giving this important industry only what it needs—relief from litigation.

In its recent report, the National Commission to Ensure a Strong Competitive Airline Industry strongly supported this measure, and called it an important jobs and international competitiveness issue. Senator KASSEBAUM's amendment also has the support of labor and every aviation consumer group. I join my colleagues, the aviation industry, its workers, and consumers in calling for passage of this important measure—and I commend my colleague for working very hard to keep this bill alive and pushing for its passage. It has been a struggle and she has done a commendable job.

Thank you, Madam President.

Madam President, let me reiterate that in 1978, 6,000 American workers were involved in the manufacture of 18,000 general aviation airplanes. In 1992, however, Madam President, this industry only made 900 general aviation aircraft and employed only 1,000 workers. What happened? The strict liability doctrine in product liability cases that can go on for years and years and years has crippled this very important industry for America. In fact, Beech Aircraft estimates that the cost of litigation has added $700,000 to the cost of each new aircraft. This bill will help that situation.

We have seen the U.S. balance of trade from 1978, when the light aircraft industry ran a trade surplus of $340 million for our country, to 1981 when the industry experienced a balance of trade deficit of $200 million, and in 1992, Madam President, this industry's trade deficit was $800 million.

By enacting this 15-year statute of repose that Senator KASSEBAUM has put forward, we are going to level the playing field between U.S. manufacturers of light aircraft planes versus our foreign competition. Senator KASSEBAUM's bill will create thousands of new private sector jobs, not with Government programs, not with taxpayer dollars, but by relief from litigation.

Madam President, I have talked to several leaders of companies that do worldwide business. They tell me that litigation is so much more a problem in America than anywhere else they do business. It is an issue we are going to have to address in all industries. But

today we are going to be able to take one very small step toward helping the general aviation manufacturing business, and I hope it is a step that we can take toward really reforming all of the product liability laws for the future of our country.

I want to commend the Senator from Kansas for working very hard in keeping this bill alive.

I yield the floor, Madam President.

Thank you very much.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. METZENBAUM. Madam President, I yield the remainder of time the Senator from Ohio has but not to go beyond 10 o'clock, it being my understanding that there is a general agreement that there will be a vote at 10 o'clock. In fact, I ask unanimous consent that the vote be ordered at 10 o'clock.

The ACTING PRESIDENT pro tempore. Is there objection?

Mrs. KASSEBAUM. Madam President, reserving the right to object, I will not, but just to clarify, we have 7 more minutes on this side. I have a few more minutes that I would like to use, and there are others who would like to speak or said they would like to speak. How will this interact with supposedly a vote at 10?

The ACTING PRESIDENT pro tempore. The Senator still has 4 minutes of her time, if she wishes to use those minutes.

Mrs. KASSEBAUM. If we go back to morning business time, will we have time past 10 o'clock? That is my question.

Mr. METZENBAUM. Madam President, I withdraw my request and would like to suggest that the Senator from Kansas go forward and use her 4 minutes, and then we yield the remainder of the time to Senator DORGAN, who wishes to speak on another subject.

The ACTING PRESIDENT pro tempore. Is there objection?

Mrs. KASSEBAUM. I thank the Senator from Ohio, Madam President.

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

The Senator from Kansas.

Mrs. KASSEBAUM. Madam President, I would like to make a few additional comments, one being in response to the Senator from Ohio [Mr. METZENBAUM] saying he hopes that when this comes to the House of Representatives more attention could be focused on the general aviation product liability bill and ways that perhaps it could be further amended.

I would just like to suggest that the 15-year statute of repose which was introduced last fall represented only about 20 percent of the general aviation product liability legislation that I originally introduced in 1986.

We have already compromised and moved along. We have gone through a number of changes, and I have been very appreciative of Senator METZENBAUM's efforts to help work out some compromises. But we had numerous hearings in the Commerce Committee, and it has been reported out three times over the years. It has also been reported out of the Judiciary Committee.

So it is my hope that this latest compromise will be the last and that the bill will pass in the House of Representatives. I have great confidence that it will since there are 275 cosponsors now over in the House of Representatives. If further modifications are made, we will remove all the teeth that we have believed were important to revitalize the general aviation industry.

I also want to express my particular appreciation to Ed Bolen of my staff; Guy Clough, Tiger Joyce, and Alan Maness with the Commerce Committee; Chris Paul and Brad Belt with Senator MCCAIN; Gene Kimmelman with Senator METZENBAUM, Brett Francis with Senator HATCH; and Greg Schacke with Senator DOLE.

I yield the floor, and I yield my remaining time to the Senator from Montana.

Mr. BURNS. I thank my friend from Kansas.

Madam President, I rise today to voice my support for one of the most important issues facing our aviation industry, product liability reform. The general aviation community in the United States is struggling, and for years Washington has ignored the needs of this vital link in our Nation's transportation infrastructure.

Just over a decade ago, U.S. manufacturers were the world leaders in general aviation—selling an average of 13,000 light airplanes per year. Today, annual sales have decreased to barely 500, and tens of thousands of workers have lost their jobs. This decline is the result of laws which hold manufacturers liable for planes that were built years, even decades ago.

Even though the industry's safety record has improved steadily for four decades and all aircraft must meet the certification standards of the Federal Aviation Administration, product liability costs for airplane builders have soared in recent years—jumping from $24 million in 1977 to $210 million in less than a decade.

Today, the typical domestic plane manufacturer faces product liability costs that are 20 to 50 times higher than its foreign competitors. This additional cost demands that the manufacturers increase their prices, and consequently, manufacturers lose market shares to foreign competition and lay off American workers. This is a competitiveness issue and a jobs issue.

I support Senator KASSEBAUM in her efforts to revitalize the all-but-dead general aviation industry in the United States, and I am an original cosponsor of her legislation to amend the Federal Aviation Act of 1958 to impose an 18-year statute of repose to block product liability suits in cases involving most existing general aviation aircraft. Such suits would be prohibited if an accident occurred more than 18 years after the aircraft was manufactured.

United States airplane manufacturers should not be held responsible, indefinitely, for products that are operated, repaired, serviced, and modified by others. The absence of reform in this area is just another glaring example of who is running the show in Washington: lawyers. They, and the frivolous lawsuits that have made them rich, are hurting people like you and me. I want changes in these laws that are good for those of us who have to travel across long distances to conduct our business. The aviation industry needs our help, and I am pleased to see the time has come for these important changes.

Madam President, I want to congratulate the Senator from Kansas, who has been on this issue ever since I came to the U.S. Senate. She is a great champion of it. When you look at where our aircraft manufacturing industry has gone in the last 10 years, it does not take a rocket scientist to figure out that we have a problem and this is one of the problem areas.

Domestic plane manufacturers face product liability costs that are 20 to 50 times higher than our foreign competitors'. If you want to call this bill, S. 4, that we have been talking about, a competitiveness issue, this really is. The additional cost demands that manufacturers increase their prices, and consequently, manufacturers lose market shares to foreign competition and lay off American workers; this is really a competitiveness and jobs issue.

I want to remind the American people how important this is. We can draw two conclusions about not only airplane liability and manufacturers' liability, but also the quality of work of the American worker, because we have lost some awfully good friends to foreign aircraft in the last 2 years—and I mean close friends. One is a very close friend to the Senator from Kansas. So this is how important this issue really is when you boil it down to: Can we make airplanes, and do we have the ability to market those airplanes in a world that is very competitive?

I thank the Chair, and I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. DORGAN. Madam President, it is my understanding that the Senator from Ohio had indicated to the Chair, previous to recognizing the Senator from Kansas, that I was allowed to speak as in morning business.

The ACTING PRESIDENT pro tempore. The Senator is recognized.

THE BALANCE OF TRADE

Mr. DORGAN. Madam President, I would like to follow up on something that was said briefly with respect to the amendment we were discussing. Somebody talked about the balance of trade. I decided to take the floor today to say a good word about the Clinton administration. I suppose they could use a good word these days, because most of the floor time on issues affecting this administration is taken up with negative comments.

Let me, for a moment, talk about something this administration is doing that is new and fresh and exciting, something that should have been done a long time ago, which is starting to deal with our vexing and troublesome trade deficit. This administration has stood up and said: We are not going to put up with this. We want trade policies that resolve the unfair trade circumstances that exist between us and some of our trading partners. We must resolve this burgeoning trade deficit.

I want to speak about that for a couple of minutes and about why I am excited about what the Clinton administration is doing.

First, let me say the G–7 meeting in Detroit this week, in which the leaders of the industrial countries get together to talk about jobs, ought to be a time in which the industrialized countries should understand that we may well be witnessing an apparent economic recovery without jobs. I have said before that that is like having a meal without food.

Why do we not have jobs or at least the kind of jobs we would expect in economic recovery? Because we have seen a great shift of resources and production in the last couple of decades in which our major producers, the large manufacturing corporations, decided they want to continue to sell in the U.S. market, but they want to produce elsewhere. They want to sell in our industrial countries, but they want to produce where they can pay $1 hour for wages and no benefits.

That is a mismatch, a disconnect in the apparatus between production and consumption. Inevitably, it leads to shrinkage of our economy, to a loss of jobs here. We had part of this discussion on NAFTA, but that is only a small part of it.

I would like the leaders of the G–7 countries to understand that at some point in the longer term there is a responsibility to produce where your market access is; where you decide you are going to sell, you must have a responsibility to produce. Otherwise, we are not going to long remain the industrial countries of the world.

Let me talk briefly about our U.S. trade policy. We have a new Trade Ambassador, Mickey Kantor. We have had some differences on trade issues, I might say, but he is doing what should have been done for the last 20 years as a Trade Ambassador. Also, President Clinton, in support of the Trade Ambassador, and this administration has said we are not going to put up with unfair trade anymore. We are going to take action against trading partners who are racking up very large trade surpluses with us, or having us incur large trade deficits with them, often as a result of unfair trade. We are going to do something about it.

Well, that is a refreshing change in U.S. policy. The major problems we face are bilateral trade deficits of enormous proportions with both Japan and China. There are other problems, of course. One of the more significant problems for those of us in grain country is the problem with Canadian grain exports, which we are trying to address.

Let me speak a minute about the bilateral problems we have with Japan and China—a $59 billion trade deficit with Japan; a $24 billion trade deficit with China. That is an $84 billion aggregate trade deficit with Japan and China, which is two-thirds of our total trade deficit with just two countries.

What does that mean? When you have a $59 billion trade deficit with Japan, it means we are buying $59 billion more from them than we are selling to them. It means instead of jobs being here, they are there. It means instead of profits vesting here, it is profits vesting there; new investment there rather than here. The huge deficits weaken our country.

Should we always have a zero trade balance? No, not at all. Should we allow this to happen? Let me refer to this chart. This represents the trade deficits going back to 1960 with Japan. Take a look at it. You can see all along the line through the administrations—Kennedy, Johnson, Johnson, Nixon, Ford, Carter, Reagan—the trade deficit gets worse and worse and worse. Throughout all of these trade deficits, we have new 5-year plans. The new 5-year plan in Japan is: Yes, we are sorry, we will open our markets and let more American goods into Japan.

The fact is that it has not happened. We went back and took a look at what the administrations were saying through a 30-year period, and at each one of these deficit levels, people were talking about their great determination to change trade policy, but that is all. Our mistaken trade policies are going to ruin our country, wreck our economy.

Yet nothing was done, except the public lamenting about the circumstance. There was no real change in public policy.

For 30 years, we had a parade of administrations concerned about trade policy with Japan. In fact, as this chart shows, the problem has gotten much worse rather than better. We have the same circumstance with China, except in the more recent years. Exploding trade deficit, but no decisive action by the United States.

The Clinton administration says let us take some action. President Clinton announced he will revive our use of the so-called Super 301 law. Super 301 provides that if a country is guilty of unfair trade practices and exhibits enormous trade surplus with us, then we should take some action.

Lord, you would think that President Clinton, in that decision, had taken a wrecking ball to our economy. All the institutional thinkers, the muscle-bound thinkers of trade, wring their hands and almost cut their throats over this. They say: This is just awful. The administration is going to start a trade war. These people are not thinking. This is irresponsible, they say.

It is not irresponsible. It is the first sober thought on trade for a long, long time in which people in this country in charge of trade policy see what is hurting our country. We should not be victims of unfair trade, and we should not find closed markets to our goods, and we should not have these kinds of trade deficits with countries like Japan.

(Mr. CAMPBELL assumed the chair.)

Mr. METZENBAUM. Mr. President, will the Senator yield?

Mr. DORGAN. I am happy to yield to the Senator from Ohio.

Mr. METZENBAUM. I would just inquire. Though there was not a formalized agreement we vote at 10 a.m., there was a full understanding.

I was very pleased to yield my time to the Senator from North Dakota.

Could the Senator from North Dakota summarize promptly so we could proceed on to the vote?

Mr. DORGAN. I am happy to.

Mr. METZENBAUM. I thank the Senator.

Mr. DORGAN. Mr. President, let me finally say that the trade problem we have with Japan, China, and other countries is a merchandise trade balance that, on this chart, is a frightening picture in red. But the trade disaster in our overall trade that you see scored on this chart is offset, at least with respect to some good news in the agricultural sector of trade, which is shown in green. Agriculture records a net trade surplus for the United States.

We have serious problems with Canada, which I have discussed on the floor before and which I will discuss again. We have serious problems in other areas, as well. But I just wanted to come to the floor to say, at a time when the White House is under siege, criticized by virtually everyone, we ought to take a look at some of these policies that are fresh, new, and exciting and that represent economic policies this country has needed for a long, long time.

The trade policy pursued by the President and the Trade Ambassador with respect to Japan and others is not a policy designed to hurt our country.

It is designed to help our country. It is not designed to confront Japan in an unfair way. It is designed to say to Japan and others that we expect from you reciprocal trade; we expect from you fair trade. When we have that kind of trade relationship with you, we will be satisfied. Until we have that kind of trade relationship with you, it drains jobs and economic strength from our country in an unfair way, and we will not be satisfied.

That is the message. Those of us who support this kind of change in trade policy should continue to support this administration vocally and as strongly as possible until we straighten out a problem that has languished now for three decades.

I again say to this President and to this Trade Ambassador, "Good job, and many of us in Congress support you and want to work with you as we pursue these trade goals."

Mr. President, I wish to speak about the need for an aggressive U.S. trade policy, especially in the area of agricultural trade. Also, I want to urge an appointment in the administration to help make our agricultural trade policy more aggressive.

First of all, I want to recognize the long-needed and refreshing change in course that our U.S. Trade Representative Mickey Kantor is trying to chart for U.S. trade policy. In his first year in office, Mr. Kantor has demonstrated he is willing to fight for American producers and workers. He appears to be a trade ambassador who puts American interests ahead of "free trade" chants; who puts opportunities for American businesses and farmers first; and who puts jobs for American workers first.

Our trade policies have been sorely in need of leaders like President Clinton and Mr. Kantor for a long time, and I want to give him a vote of confidence.

Mr. Kantor is fighting to correct a worsening trade problem that is bleeding U.S. economic strength by the buckets. That problem is our spiraling bilateral trade deficits with two big economic powers—Japan and China.

BILATERAL TRADE DEFICITS BLEED U.S. ECONOMY

Our 1993 merchandize trade deficit with Japan was $59 billion; with China, $24 billion. The total of those two deficits, $84 billion, represents two-thirds of the entire U.S. trade deficit with the world—$125 billion. Our imbalance with just two nations is most of the problem.

Why are these trade deficits a problem? Why does it matter?

It matters because large trade deficits are scorecards marking the strangulation of our economy. Here is why.

A trade deficit means we in the United States are importing more than we are exporting. When U.S. dollars are spent on imports, the profits go to foreign companies in other nations. There, the dollars go to the producers and workers of those nations.

When we import more than we export, it means more U.S. dollars go to produce food, or cars, or computer chips, or other products in other nations, and fewer are used to buy what we produce in the United States. That means less production in America, less work, and fewer jobs.

Trade deficits represent a withering of U.S. productive capacity. They mean we are exporting our production to other nations—exporting the very base of our economy, our jobs, our wealth.

That is why we cannot afford the $59 billion trade deficit we just recorded with Japan for 1993. That $59 billion was $59 billion fewer dollars in sales our own producers did not make in 1993.

The trade deficit was $59 billion more dollars that Japan got to either invest in new production at home, or to invest in production in the United States and other nations, and then pull the profits back to Japan. Inasmuch as this occurs, the United States serves as an economic colony.

UNITED STATES-JAPAN TRADE: WHAT WENT AWRY?

What has brought our trade relationship with Japan so far astray that we would record a $59 billion deficit in 1 year? What went awry?

The problem did not arrive full-blown in 1994. It has a history.

In 1965, nearly 30 years ago, we began recording trade deficits with Japan. Japan rebuilt its economy after World War II, using economic policies directed at high production and exports, but freezing out virtually all imports not needed for its own factories. After some years those policies started to take their toll in United States-Japan trade, and in 1965 we saw the balance tip against the United States: a $359 million deficit.

It was a great concern at the time. A recent Los Angeles Times article quotes then—Commerce Secretary John Connor: "We are determined to uphold the principles of equity and reciprocity—positively or negatively—whichever is called for." Our Government leaders were talking tough.

President Nixon was alarmed, too, when the deficit with Japan climbed to $4.1 billion in 1972. So alarmed that he said our disputes on trade access and so forth could "tear the fabric of our alliance."

We have watched a 30-year parade of Presidents and administration official disturbed about our unequal trade relationship with Japan. Leaders wrung their hands about the problem, and even talked tough at times, but didn't make serious changes in the way we buy Japan's products while Japan blocks ours from its market.

The merchandise trade deficit was $1.1 billion in the final year of the Johnson administration. It was $4.1 billion at the end of President Nixon's first term, and $5.5 billion when President Ford left the White House. It was $10.1 billion in the last year of the Carter administration.

By the 1980's, the disparity between an accessible United States market, on the one hand, and a trade sanctuary in Japan on the other, had become economically intolerable. President Reagan responded to Japan's violation of a trade agreement on semiconductors, and he imposed some sanctions. But, the deficit in President Reagan's last year had climbed to $52 billion. It's worth noting that this deficit shot past $50 billion despite the efforts by the U.S. Federal Reserve Board to cut the exchange value to the dollar, a means of boosting U.S. exports and discouraging imports.

For the past 5 years our trade negotiators have been negotiating with Japan, and the United States has been recording $40-50 billion deficits each year. And, for 1993, the trade deficit with Japan was $59.3 billion.

THE SOLUTION: "RECIPROCAL TRADE," NOT "FREE TRADE"

The United States has drifted into a deeper and deeper deficit with Japan because our trade negotiators have not understood the meaning of "reciprocal." In the trade arena, it simply means that we will treat other nations as they treat us. Period.

Let me give you an example of our failure to demand reciprocity. In 1988 our trade negotiators secured a trade agreement with Japan on beef. U.S. negotiators and our meat exporters celebrated the great victory. You would have thought they won the Olympic gold medal for trade negotiations.

In the beef agreement, Japan agreed, basically, to discontinue requirements for import licenses on beef, and to about 75 percent of the product value to 50 percent. A 50 percent tariff and we thought we had pulled off a coup.

Certainly, we are now exporting more beef to Japan than we did before 1988. That is wonderful for our ranchers and our meat processors, and I certainly support the progress we achieved.

However, the point is this: we settled for grossly unequal trade.

Fortunately, Mr. Kantor seems to know the meaning of the word "reciprocal." For example, our Trade Representative will renew our use of the so-called "Super 301" procedures to deal with nations that do not open their markets to our products as we open our market to them. He has been criticized from some quarters for being too narrow in fighting for American interests. In fact, it is his job to represent the industries and businesses and farmers of America, and I applaud him.

After nearly 5 years of fighting with administration officials to correct the very unfair trade agreement with Canada concerning Canadian grain exports, we from grain-producing States finally found in Mr. Kantor someone who is

willing to stand up for American farmers. He and Secretary of Agriculture Mike Espy are working to correct the problem, and are trying to gain the support of the rest of the administration in their efforts.

So, as a Senator from an agricultural State, I have to say that Mr. Kantor's record so far has been encouraging.

AN ADVOCATE FOR FARMERS AT USTR

I did, however, send our Trade Ambassador a letter this week asking that he appoint an advocate for American farmers and ranchers to a very high position in his office. Eighteen other Members of Congress signed this letter with me, asking that Mr. Kantor find an adviser who is very knowledgeable in agriculture, and who will stand up for our farm producers in the trade arena.

I made this request because of the great importance of agricultural trade to the economic success of family farmers and our rural communities, but also to the success of our entire national trade performance.

Unlike our unfortunate performance in trade across many economic sectors, agricultural trade has been a consistent success, recording a huge trade surplus each year. For example, while the United States recorded an overall merchandise trade deficit of $126 billion for 1993, this Nation will enjoy an $18 billion surplus in trade of farm and ranch products.

If you look at the chart I brought here today, you can see that since the 1970's the United States has drifted from a near-balance of trade with the world to a staggering deficit. Meanwhile, our agriculture exports total about $42 billion annually, scoring a positive balance of about $18 billion annually in that sector.

The United States remains very competitive in the agricultural trade sector, and we must build on that strength. That is why I have called for a trade tiger at USTR to speak for farmers.

We will face many critical junctures in agriculture trade in the years ahead. Here are a few examples of immediate concern:

We are trying to resolve some extremely difficult trade conflicts with Canada on trade of wheat, barley, sugar, dairy products, potatoes, peanuts and other products. The results of negotiations will be critical to thousands of American farmers.

We will submit our tariff schedules to the proposed new World Trade Organization later this month, and the way those tariffs are constructed will affect U.S. farmers for generations.

We have begun the implementation of the North American Free Trade Agreement, and it will be the responsibility of USTR to represent American farmers, to ensure they can, in fact, pursue the trade opportunities in Mexico and Canada that the trade agreement allows.

The U.S. Department of Agriculture will send a trade delegation in 2 weeks to China, Thailand, Indonesia and Singapore, to seek new trade opportunities and to reduce barriers to those Far East markets.

In all these cases, and in dozens more, we, as a Nation, must assume an attitude about trade that is better for our economic interests. We have to believe that we deserve reciprocity—that we deserve to be treated as well as we treat others. And, then we must solidly reflect that belief in our foreign trade dealings. It appears President Clinton and Mr. Kantor are trying to move toward a policy of trade reciprocity, and I hope the Members of this body will support them.

In the area of agricultural trade, however, I have asked for a special help for Mr. Kantor to pursue a more aggressive trade policy. I want to see a top-level official at USTR who understands agriculture and can weigh in with authority on behalf of American farm producers. I hope that others in this body will also join me in my request to Ambassador Kantor.

Mr. President, I yield the floor.

NATIONAL COMPETITIVENESS ACT

The PRESIDING OFFICER. If all time is yielded back, under the previous order, S. 1458 is temporarily laid aside, and the Senate will resume consideration of S. 4, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 4) to promote the industrial competitiveness and economic growth of the United States by strengthening and expanding the civilian technology programs of the Department of Commerce, amending the Stevenson-Wydler Technology Innovation Act of 1980 to enhanced the development and nationwide deployment of manufacturing technologies, and authorizing appropriations for the Technology Administration of the Department of Commerce, including the National Institute of Standards and Technology, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Danforth amendment No. 1522, to strike section 306, technology financing pilot program.

Ms. MOSELEY-BRAUN. Mr. President, I rise today as an original cosponsor of the National Competitiveness Act, legislation designed to create jobs, revitalize our manufacturing base, and ensure American competitiveness in the global economy.

I support this legislation because it makes necessary changes in the Federal Government's research and development priorities to meet the new challenges facing the United States in the post-cold war era.

The U.S. Federal Government devoted other two-thirds of its R&D budget to military endeavors throughout the cold war.

However, the cold war is over and our future national security does not rest solely on our military strength.

Instead, it is increasingly dependent on our ability to compete in the emerging global economy.

The Federal Government must, therefore, begin to redirect some of its limited resources to civilian research and development.

Currently, however, both the U.S. Federal Government and the U.S. manufacturing industry are failing to invest enough in civilian research and development—particularly in advanced manufacturing technology.

Although the U.S. manufacturing industry has consistently generated about one-fifth of our Nation's gross national product, a study conducted by the Industrial Research Institute found that it invests only 3.1 percent of its total sales on research and development, and only one quarter of that amount on new or improved manufacturing processes or equipment.

In short, this study concluded that the U.S. manufacturing industry has not done as well as it should in manufacturing new products based on technological innovations.

Mr. President, the Clinton administration has developed a technology policy that would begin to redirect part of the Federal R&D budget to civilian research and technology, by making small yet important investments in areas where returns on private investments are too distant or uncertain for private firms to bear.

In its report, "Technology for America's Economic Growth, a New Direction To Build Economic Strength," the Clinton administration states that, while the private sector must take the lead in the development, application, and manufacture of new technologies, the Federal Government must:

Increase its commitment to fundamental science, the foundation upon which all technical progress is built; forge closer working partnerships among industry, Federal and State governments, workers, and universities; and coordinate federally supported science and technology investments across the Federal Government.

The National Competitiveness Act, which is the cornerstone of President Clinton's technology policy takes a modest and much needed step in reallocating our post-cold war Federal R&D budget to help small and medium-sized manufacturing companies with technical advice and product development.

Under this legislation, the National Institute of Standards and Technology at the Department of Commerce would pay 50 percent of each joint Government project selected by industry representatives and conducted by small and medium-sized manufacturing companies—which represent approximately 98 percent of our Nation's manufacturing firms.

These important investments would help American manufacturing companies improve product quality, modernize manufacturing processes, and facilitate the rapid commericalization of products based on new scientific discoveries.

More specifically, these investments would help the National Institute of Standards and Technology establish additional active cooperative R&D agreements like the one it has nurtured with the American Dental Association in Chicago, IL, since 1928.

Under this agreement, the Institute and the American Dental Association have joined together to study the performance of dental equipment and supplies which represented $1.4 billion of U.S. exports in 1990.

This very successful cooperative agreement has led to the development of composite resins for aesthetic tooth restorations, 50 dental material and equipment specifications, and the water-turbine handpiece that was later refined to today's air-driven handpiece.

Mr. President, the National Competitiveness Act would also establish a new manufacturing infrastructure program. This program would include:

An advanced technology development program to support industry-led efforts to develop and improve advanced computer-controlled manufacturing systems; and

A manufacturing extension partnership to offer outreach and technical assistance to small- and medium-sized manufacturing companies.

Finally, this legislation would create a coordinated, interagency program to help meet President Clinton's important goal of linking every school, library, hospital, and office in the United States to the National information infrastructure, also known as the information superhighway.

Mr. President, I would like to conclude my remarks by urging my colleagues to support the National Competitiveness Act which will help our Nation compete in the emerging global economy.

Mr. BURNS. Mr. President, I rise on passage of S. 4, the National Competitiveness Act.

The National Competitiveness Act is legislation I have cosponsored since it was introduced on the first day of this Congress, January 21, 1993. This bill is one of the top five priorities for Senate Democrats and I am the only Republican cosponsor. My support for this measure has not been overlooked by my colleagues on this side of the aisle.

I worked closely with the distinguished chairman of the Senate Commerce, Science, and Transportation Committee, Senator HOLLINGS, to improve this bill as it moved through the committee. Senator HOLLINGS indicated a willingness to work with all the members of the Commerce Committee—both Democrats and Republicans on this bill.

I also worked with Republicans on this side of the aisle to cut the authorization level in this bill by over $900 million over 2 years from the $2.8 billion in the committee passed version. In order to get enough Republican support for Senate passage the concerns about the spending levels had to be addressed.

Because Democrats and Republicans came together in a bipartisan fashion we have saved this important legislation that moves Montana and our Nation forward in the high-technology world in which we live and compete with other nations.

I think it is vital for our Nation to be the world's leader in advanced technologies such as information, computers, electronics, and new materials. This bill helps us accomplish that goal. It contains provisions for research and development companies, universities and tribal colleges in my State. It has a provision for needed research on so-called green buildings for environmental sensitive construction technologies to be developed.

For these reasons and many more I am pleased the National Competitiveness Act passed the Senate. But I want to expand on an area I have been working on since joining the Senate just 5 years ago.

With S. 4, the National Competitiveness Act, we are taking two critically important steps in creating an advanced, state-of-the-art national information infrastructure which will substantially improve our economic and social welfare over the remainder of this decade and on into the next century.

If, after reading or watching stories about the so-called information superhighway over the last few months, the public is confused about the Government's role in promoting a ubiquitous, state-of-the-art, feature-rich, high-speed national telecommunications network, one should not be surprised. I included in this bill a number of answers to the Government's role in the national information infrastructure.

With the assistance of Chairman HOLLINGS, I was able to substantially modify title VI of S. 4 when it passed the Commerce Committee. This bill limits the role of the Government to three areas in building the national information infrastructure:

First, funding basic research and development for high speed networks;

Second, funding leading-edge applications in education, digital libraries, health care, manufacturing, and government information; and

Third, implementing interconnection standards and interoperability protocols to ensure a seamless, ubiquitous network of networks.

I also included the addition of a NASA kindergarten through 12th grade education program, funding for training and access to network capabilities, digital libraries, and government information applications, and other changes.

But most importantly and significantly, the new title VI contains language I requested which states unequivocally a new policy that the Government cannot expend funds to build, own, or operate networks in competition with those networks available in the commercial, private sector. This has been a serious concern to all segments of the telecommunications and information industries. This bill directly and specifically addresses those concerns with a clear delineation and demarcation of the respective roles of the Government and private sectors in the building of America's national information infrastructure.

I think we must now move forward with the next critical step in developing a national information infrastructure—the creation of a rational, procompetitive, proinvestment national telecommunications and information policy.

I believe that there is a consensus developing that Government has become a problem and obstacle in completing a national information infrastructure due to the morass of regulatory and legal restrictions and barriers that segment and balkanize the information and telecommunications industries into protective enclaves created for the old world order in which we had one monopoly telephone company and three broadcast networks. That system is under tremendous pressure and it is time to change our national telecommunications policy in a comprehensive, wholistic way.

I want to say to this body and our Nation passage of this bill is vital to Montana and our Nation's schools, hospitals, libraries, and small companies to hook up to a national information infrastructure. It is also vital to my small businesses in Montana and small business throughout the United States ability to do research and development in the high-technology area.

I want to salute my good friend Senator DANFORTH, the ranking member of the Commerce Committee, for his excellent debate and good faith effort to resolve his differences on this bill with his colleagues on the other side of the aisle. Thanks to his tenacity this bill has been improved a great deal on the Senate floor and is at an authorization level more in line with our need to carefully watch how the Federal Government spends taxpayers' hard-earned dollars.

Passage of this high-technology competitiveness legislation makes my State, our Nation, and this body all winners.

Mr. DURENBERGER. Mr. President, since the beginning of the 103rd Congress last year, S. 4 has been portrayed as a major effort that would improve the competitiveness of U.S. industries.

A PR campaign was designed to make it difficult to oppose allegedly noncontroversial legislation to help our industries compete.

It is evident to me that S. 4 as amended falls short of the mark. It is not a bill that would give the private sector the tools it needs to improve its competitiveness. Instead, it promotes greater Government involvement in the marketplace at a time when we are attempting to lower regulatory burdens on the private sector and to achieve improvements in our economy that would foster a better climate for business expansion.

S. 4 gets right to the heart of the issue of Government involvement in the private sector. While I support more cooperation between the Government and the private sector, I question this kind of direct intervention in the private sector. In my judgment, individual companies can best decide how and when to dedicate resources to research and development needs to respond to increasing competitive pressures in the global marketplace. The Government just does not have the same ability to know where research subsidies should be channeled and the result is usually a serious distortion in the marketplace.

The Republican substitute of regulatory reforms is a far better way to improve the competitive position of U.S. industries. The Republican substitute would substantially reduce Government regulation which seriously impacts the competitiveness of U.S. industries. These reforms can greatly curb administrative costs of companies which must comply with these regulations, thereby creating savings which can be used far more effectively on research and development needs.

Mr. President, one title of the Republican substitute incorporates bill language I will shortly introduce that would permit the export of medical devices to any country which can certify the safety of the product. This would eliminate the current need to obtain the costly and lengthy FDA approval process for a product that may never be used in the United States. The U.S. medical device industry is the most competitive in the world. We should not allow the FDA to block exports of products that can save lives abroad and are deemed safe by other countries.

I would urge my colleagues to support the Republican substitute.

Mr. President, I reluctantly oppose S. 4 because there are companies and interests in my State which support these new subsidies. However, I cannot support the direction this bill takes us toward increased Government involvement.

The relationship of this bill and the subsidies agreement we just agreed to at the GATT is also a central issue to this debate. I would like to salute the effective work of Senator DANFORTH on this issue. He correctly points out how this legislation is a product of a failed strategy to curb Government subsidies at the GATT. At some point a strategy to eliminate Government subsidies turned into one which permits (or greenlights) far more subsidies than appear to be warranted. Senator DANFORTH rightly questions an agreement that would appear to justify a subsidy war.

S. 4 seems to be the first shot in the subsidy war. It will certainly spur our trading partners to increase their own subsidies. Are we then prepared to up the ante? Senator DANFORTH had intended to offer an amendment, which I have cosponsored, that would have placed this whole issue in perspective. While the amendment was not offered, Senator DANFORTH did discuss the issue during the debate. He made the point that we can either ignore the expected new subsidies of our trading partners and lose important markets for U.S. products as a result—or we can engage in a war of subsidies—which we have started with this bill—and which we can hardly afford—or win.

The Danforth amendment would have sought the renegotiation of the subsidy agreement at the GATT in an attempt to restrict the use of Government subsidies. The other option called for the administration to submit a proposal that would ensure that foreign subsidies will be matched.

In my judgment, S. 4 is contrary to the GATT subsidies agreement. While the administration will say that it sought to protect current U.S. research subsidies in the negotiations, and that our trading partners agreed, I'm not sure our trading partners were prepared for this kind of early significant expansion of our subsidies. Obviously they are hard at work crafting their own new subsidies, thus containing the battle we will have started by passing S. 4—the battle Senator DANFORTH so wisely warns us to oppose.

Mr. President, I urge my colleagues to support the Republican substitute and to oppose S. 4 as reported by the Commerce Committee.

SMALL MANUFACTURERS' RENEWAL AND TRAINING PROGRAM

Mr. CONRAD. Mr. President, today I would like to discuss the Small Manufacturers' Renewal and Training [SMaRT] Program, which is incorporated in section 221(f) of the floor manager's substitute amendment. This program is based on legislation that I introduced earlier this year. I want to thank the distinguished chairman, Senator HOLLINGS, for working with me on this proposal.

Senator HOLLINGS has long been a leader in the area of technology transfer. Moreover, we now have a President who advocates the development of a coherent technology policy to enhance America's economic competitiveness. I am proud to be a cosponsor of the legislation that is now before the Senate. Senator HOLLINGS' National Competitiveness Act will strengthen American manufacturing.

A key element of the competitiveness strategy is the Manufacturing Extension Partnership at the National Institute of Standards and Technology. This partnership will bring information and technical assistance on the best manufacturing processes and technologies directly to small manufacturers.

SMART PROGRAM

The SMaRT Program will be an experimental pilot program of internships for senior and graduate engineering students to work with small manufacturing companies. The goal of the SMaRT program is to expose small manufacturers to modern manufacturing technologies through personal contact with young scientists and engineers. Undergraduate and graduate science students cannot be experts in all aspects of modern manufacturing technology, but they will have access to the technical resources of their colleges and universities and the manufacturing outreach center.

The SMaRT program will give young engineers and scientists experience in working in small companies where they will develop many of the skills necessary to become successful entrepreneurs. Many of these young people will then seek careers with small entrepreneurial companies. Over the long-term, this legislation will produce a larger community of entrepreneurs with technological expertise.

The SMaRT program will also build stronger ties between the scientists and engineers in our colleges and universities and the small manufacturing sector. Companies will benefit by increased exposure to new technological ideas.

The SMaRT Program has a number of purposes, but the primary purpose is to encourage and assist small manufacturing companies to adopt modern engineering practices. Engineering internships provide a cost-effective way to promote the person-to-person interactions that make the process of technology adoption work.

The SMaRT Program will also provide interns with unique educational opportunities and ease their transition to the work place. The long-term goal of this program is to promote the development of a community of technological entrepreneurs in a revitalized small manufacturing sector.

The SMaRT Program will be administered by the National Science Foundation in cooperation with the National Institute of Standards and Technology. The NSF and NIST will have great flexibility in carrying out this program. The Senate expects that NSF and NIST will build on the cooperative relationship established through the Technology Reinvestment Project of

the Advanced Research Projects Agency.

Using funds appropriated to NSF for the SMaRT Program, NSF and NIST will make grants to local partnerships between engineering colleges and manufacturing extension centers, called SMaRT partnerships, which will use those grant funds to sponsor engineering students to work with small manufacturers. NSF and NIST are directed to establish eligibility requirements for such partnerships.

NSF and NIST are also directed to develop requirements for grant proposals and for activities undertaken by SMaRT partnerships with those funds. Among those activities, each SMaRT partnership should undertake outreach activities to recruit and identify eligible small manufacturers and engineering students; should facilitate the placement of engineering students as interns with host companies; should provide technical orientation, training, and technical support to interns before and during their internships; and should report on these activities to NSF and NIST. Proposals should clearly specify how these and other required activities will be carried out.

In sponsoring an engineering student to work as an intern, a SMaRT partnership may use funds provided under the SMaRT Program to subsidize the wages of the intern. This subsidy, the Federal share of wages, may not exceed the Federal minimum wage. The host company must match this by providing its share of the intern's wage, which may not be less than the Federal minimum wage. At most, the Federal Government will provide 50 percent of the intern's wages, in which case the intern will earn no less than twice the Federal minimum wage, which is a competitive wage for such employment. This provides an incentive for companies to host interns and gives them a stake in those interns. The Senate expects that after hosting several interns, a company will see the benefits of having interns and be willing to pay their full wages without subsidy. For this reason, this section imposes a limit that the total Federal subsidy for all interns at any one company may not exceed 2 years wages at the Federal minimum wage.

The Senate believes that engineering students working as interns under the SMaRT Program should receive basic benefits including health insurance. The simplest approach is for colleges to maintain the student status and health coverage of interns, perhaps by designating the internship as an independent study course.

The SMaRT Program has much in common with the cooperative education tradition. Students enrolled in cooperative education programs alternate periods of study with periods of work for private companies. This serves to enhance the education of those students and to smooth the transition from college to work. The SMaRT Program is not meant to compete with cooperative education but to serve a complementary purpose. Its primary emphasis is on meeting the immediate technological needs of the small manufacturers.

The SMaRT Program has the flexibility to be compatible with cooperative education programs. Internships under the SMaRT Program could form a part of the work experience of cooperative education students. The Senate encourages those submitting proposals under this program to develop programs that integrate internships under the SMaRT Program into their cooperative education programs, recognizing that these proposals must not compromise the purposes of the SMaRT Program.

The SMaRT Program meets the needs for technological renewal in the small manufacturing sector of the U.S. economy, and will serve regions of greatest economic need. Those include regions of slow or negative economic growth, regions where the manufacturing sector is weak or constitutes a disproportionately small portion of the overall economy, and regions of outmigration that reflect limited economic opportunities.

Companies are eligible to host interns under the SMaRT Program only for manufacturing operations in the United States. Only small manufacturers—those with 500 or fewer employees—may host interns under the SMaRT Program. Especially in rural regions, many manufacturers are very small, having 100 or fewer employees. SMaRT partnerships are directed to give special attention to recruiting and assisting these very small manufacturers.

The SMaRT Program will complement the activities of the manufacturing extension partnership at NIST that provide technological assistance to small manufacturing companies. Because these companies often have great technological needs, the Senate believes that only the most experienced students, normally seniors and graduate students, should be eligible. This experience is especially important to very small companies.

As an experimental pilot program, the SMaRT Program requires a well thought-out reporting system to provide the information necessary to evaluate and learn from its experiences. But reporting requirements should not impose major burdens on those participating in the SMaRT Program. NIST and NSF should take care to develop reporting requirements that produce useful information on whether the activities undertaken by SMaRT partnerships meet the purposes of the SMaRT Program. To collect this information, SMaRT partnerships should require brief reports from the intern and the host company for each internship. NSF and NIST should examine the reports they receive to evaluate what factors lead to greatest success in meeting the objectives of the SMaRT Program.

Many groups of individuals are under-represented in the engineering professions, including women, blacks, Hispanics, and native Americans. The Senate urges NSF and NIST to develop criteria for encouraging the participation of students from under-represented groups as interns in the SMaRT Program.

TECHNOLOGY AND COMPETITIVENESS

Our international competitors have had technology policies in place for years, and it shows. In technology after technology, commanding U.S. leads have evaporated and, in too many cases, we are now playing catch-up.

With a basic research engine that is the envy of the world, there is no excuse for the United States to fall behind in critical commercial technologies. We have been very effective at expanding frontiers of human knowledge and understanding, but have often failed to move technological innovations to the market.

We need to take steps to build on our strong foundation of basic research by developing low-cost mechanisms to transfer modern and advanced technology to the private sector. This is the key to President's Clinton's technology program and the key to increasing economic growth in America.

AMERICAN INDUSTRY

Large companies like IBM and General Motors have been shrinking and splitting apart. Once the mainstay of the American economy, they are losing jobs and investing less in research and development. Small companies must take up the slack.

However, small companies face particularly difficult obstacles in adopting modern technology. Many small firms simply cannot afford to have full time engineers and scientists on staff. As a consequence, many small firms have a difficult time selecting and adopting modern technology to stay competitive. Even high technology companies often lack the expertise in efficient manufacturing processes that is essential to commercial success.

That need not be the case. In Fargo, ND, Gary Zespy runs a small manufacturing company. Last year, he wanted to improve his quality control systems. Fortunately, Gary could turn to the Institute for Business and Industrial Development at North Dakota State University, which helped him develop a quality control system.

Gary Zespy is lucky because his factory is near a manufacturing outreach center at North Dakota State University. Manufacturing outreach programs including the SMaRT internship program can bring that luck to other firms—breaking the barriers of time and information.

By placing interns directly with small companies, the SMaRT Program helps overcome this knowledge barrier and multiplies the ability of manufacturing outreach centers to do their job.

RURAL AREAS

The SMaRT Program provides a way to help keep young scientists and engineers in rural areas by creating opportunities for them to demonstrate their value to local, small manufacturers. It will contribute to the long-term economic revitalization of these areas by combatting head-on the problem of rural outmigration.

The SMaRT Program is based on successful experiences in a pilot program at Iowa State University. Cooperative education requires a major commitment from an employer to hire a student—or, more often, two students who alternate in and out of a single position—for 2 or 3 years. This requirement poses a significant cost obstacle for many small companies.

A pilot program at the Iowa State University Extension Service's Center for Industrial Research and Service is helping to eliminate that obstacle. This program has placed a handful of engineering students each summer with small manufacturing companies across the State of Iowa. One student helped a small manufacturer design a new, more efficient popcorn machine. The president of another company described working with another student as "a win-win situation for both of us." Demand for interns has far outstripped the budget of this small program.

I am pleased that my legislation has been incorporated into the National Competitiveness Act, and that it will help bring small manufacturers together with engineering students to improve the technological performance of the manufacturing sector of the U.S. economy.

TITLE II

Mr. KERRY. Mr. President, I would like to ask the distinguished chairman of the Commerce, Science, and Transportation Committee to draw his attention to one aspect of S. 4 in order to emphasize its importance to the purposes of this bill and to clarify its interpretation.

Mr. HOLLINGS. I would be happy to discuss the provision with the Senator from Massachusetts.

Mr. KERRY. One of the functions of the manufacturing extension centers is to increase the efficiency of our manufacturing industries through the use of environmentally sound manufacturing. It would accomplish this by informing manufacturers about the techniques and technologies that would reduce their waste and increase their energy efficiency, and it would help them adopt these techniques and technologies.

Both the Regional Centers for the Transfer of Manufacturing Technology and Manufacturing Outreach Centers will provide source reduction and energy conservation assessments to interested manufacturers. The clearinghouse will have information on manufacturing processes that minimize waste and negative environmental impact.

Mr. HOLLINGS. I agree with the Senator.

Mr. KERRY. These functions will increase competitiveness because environmentally friendly manufacturing techniques are, in many cases, also more efficient. Our companies will increase their international competitiveness by adopting these techniques.

In addition, this legislation will increase the market for environmental technology which is a high growth, $200 billion a year industry.

Mr. HOLLINGS. The Senator makes a good point.

Mr. KERRY. Extension agents from the Regional Centers for the Transfer of Manufacturing Technology and the Manufacturing Outreach Centers will be trained in disseminating information on modern manufacturing technologies, including those for source reduction. In order to train extension workers about environmentally sound techniques and technologies, the Commerce Department will cooperate with other appropriate agencies. Furthermore, the Regional Centers for the Transfer of Manufacturing Technology and the appropriate Manufacturing Outreach Centers should include at least one person from each center who specializes in collecting and disseminating information concerning environmentally sound techniques and technologies.

Mr. HOLLINGS. I agree with the Senator's interpretation.

Mr. KERRY. I thank the distinguished chairman for that clarification.

FASTENER INDUSTRY AMENDMENTS

Mr. SIMON. Mr. Chairman, Senator BURNS has proposed three fastener industry-related amendments to S. 4. The first amendment addresses "minor nonconformance"; the second addresses steel testing requirements; and the third deals with the issue of "commingling." These two amendments were included in the House-passed version of this bill. These two amendments are fairly noncontroversial, and I strongly support their inclusion in S. 4.

Mr. HOLLINGS. My colleague from Illinois is correct on this point. Those two amendments are included in both the House and the Senate versions of the bill, and I would not expect that they would be controversial in conference.

Mr. SIMON. I thank the chairman. These amendments are very important to the fastener industry in my State and across the Nation.

Mr. WALLOP. Mr. President, for the purpose of establishing the intent of Congress with respect to S. 4, I would like to direct two questions to the chairman of the Committee on Commerce, Science, and Transportation, Mr. HOLLINGS.

First, am I not correct that the provisions of section 207(a) of the High Performance Computing Act of 1991, Public Law 102-194—which is redesignated section 209(a) by title VI of S. 4—will continue to apply to the entire High Performance Computing Act as amended by title VI of S. 4?

Mr. HOLLINGS. Yes, the Senator is correct.

Mr. WALLOP. Second, am I not correct that the reference to law enforcement in section 203(f)(1)(F) of the High Performance Computing Act of 1991, as amended by title VI of S. 4, does not create any new mission authority, and it only directs the Department to engage in activities pursuant to its existing mission authority.

Mr. HOLLINGS. Yes, the Senator is correct.

Mr. WALLOP. I thank the chairman of the committee, Mr. HOLLINGS.

Mr. HATCH. Mr. President, section 306 of the National Competitiveness Act establishes at the Commerce Department's Technology Administration a new Office of Technology Monitoring and Competitiveness Assessment. The purpose of this new office is to collect, evaluate, assess, and disseminate information on a range of activities designed to help the United States improve its competitive position with respect to our foreign trading partners.

May I ask the distinguished chairman of the Committee on Commerce, Science, and Transportation a question about the mission of this new office?

Mr. HOLLINGS. I would be glad to respond to the Senator.

Mr. HATCH. I thank the distinguished chairman. Would the chairman agree that the responsibilities of the new office would include analysis of the degree to which foreign programs and policies may provide a climate which is more attractive to technology innovation than those in the United States? In addition, would the chairman not agree that it would be useful for the office to obtain data on how foreign countries may attract U.S. industries to relocate overseas?

Mr. HOLLINGS. I thank the Senator from Utah for his remarks. One mission of the new Office of Technology Monitoring and Competitiveness Assessment is to assess the extent to which there are barriers to global competitiveness, and certainly actions by foreign governments to attract companies to relocate overseas are a tremendous barrier which the new office should examine.

Mr. HATCH. I thank the chairman for his assurances. Increasingly, American industry is seeking to move overseas to find a climate which may be more favorable to producing the goods and services which traditionally have been America's hallmark.

One example which readily comes to mind is the medical device industry, a strong, viable industry which is one of the United States most competitive in the international marketplace. It is comprised of a range of manufacturers, small to large, many of whom are located in Utah and all of whom are contributing to a positive trade balance in devices. This is something of which the United States can be proud. I hope the new office can look at this.

Mr. HOLLINGS. I appreciate the comments of the distinguished Senator, and do agree that this is something they should look at.

Mr. LAUTENBERG. I would like to express my concern over the deletion of certain provisions from S. 4, the National Competitiveness Act of 1993. The stricken sections of the House-passed version of this bill would have provided for the establishment at the National Institute of Standards and Technology [NIST] of prototypes for advanced computer-integrated manufacturing systems and electronic networks linking manufacturing systems. In addition to these programs, I would like to have seen the inclusion of prototypes for clean manufacturing systems. The United States, and New Jersey in particular, is at the forefront of promoting green technology that could someday be exported throughout the world.

Federal support for clean manufacturing, as was included in S. 4's counterpart in the House, will significantly advance research initiatives at our universities, who are working in partnership with industry and Government. I hope that when this bill goes to conference, the relevant sections of H.R. 840 addressing advanced manufacturing technology programs will be retained.

Mr. HOLLINGS. I thank the Senator for his interest in the development of technology that would contribute significantly to our long-term economic growth and employment. I will be discussing this matter with my colleagues in the conference.

Mr. LEAHY. The Senator from South Carolina and I have discussed the FBI's digital telephone proposal when it surfaced in 1992. We both recognize that the digital telephony proposal is controversial. Am I correct that nothing in this bill promotes or has anything to do with that digital telephony proposal?

Mr. HOLLINGS. That is correct.

Mr. LEAHY. The administration recently announced that it is moving forward with its Clipper Chip or Key Escrow Encryption Program. Am I correct that nothing in this bill promotes or has anything to do with that Key Escrow Encryption Program?

Mr. HOLLINGS. That is correct.

Mr. KOHL. Mr. President, I will be voting for the Danforth amendment to eliminate funding for the Civilian Technology Investment Program. I fully agree that we need to see more investment in small high-technology firms. In the past, many of these firms have been denied access to risk capital for critical technology development projects, especially during their early stages of development.

However, I am concerned about proceeding too rapidly in creating programs which involve Government financing for these high-risk ventures. The Civilian Technology Investment Program may well be a useful idea, and I certainly support SBA's Small Business Investment Company Program upon which this new venture capital program is based. However, I believe we should give the market and existing initiatives a chance before we embark on this expensive and risky partnership, or in some cases competition, with the private sector.

This program was crafted in response to a problem that emerged because of the recession of the last few years. When the economy is sour, venture capital for the most risky of ventures dries up. But as we move out of what has been a difficult economic time, there is and there will be more venture capital available across the private sector.

In addition, Congress only last year passed major new tax incentives that should go far to revitalize the flagging venture capital market. Primarily because of the work of my friend Senator BUMPERS, last year's budget bill contained tax breaks that would encourage capital to move into risky, startup businesses. The new law allows a taxpayer who holds certain types of stock in small businesses to exclude 50 percent of any taxable gain on the stock. In addition, any individual or C corporation can elect not to recognize gain on the sale of publicly traded securities if the proceeds from such sale are rolled over into stock or a partnership interest in a small business investment company.

These provisions were designed to—and should—push more private money toward investments in small, startup companies. I prefer to see what effect these incentives have on the availability of venture capital before we resort to allowing the Federal Government to throw public money into the venture capital pool.

Finally, Mr. President, although I support the overall goals of S. 4, the National Competitiveness Act, I am compelled to vote for the Danforth amendment on the grounds that it places some check on the overall spending levels in this bill. I voted against tabling the Brown amendment last week which would have reduced the amount authorized in this bill from $2.8 billion to $1.5 billion. The Danforth amendment would bring the amount authorized in the bill down to $1.8 billion. The best thing we can do to help small firms looking for venture capital is to ensure that we have a robust economy. And the best way to do that is to reduce the deficit. This amendment helps us move one step closer to that goal.

Mr. McCAIN. Mr. President, I strongly oppose the bill before the Senate. This bill is nothing more than the Senate's attempt to micromanage industrial policy by passing out pork to select industries. This is bad policy and it is not in the best interest of our Nation.

Why are we creating this new layer of Government involvement with industry? Private enterprise, not Government, is best able to respond to the marketplace and conduct the research and development from which new products will emerge.

The purpose of this bill, S. 4, is expressed in its long title:

> A bill to promote the industrial competitiveness and economic growth of the United States by strengthening and expanding the civilian technology program of the Department of Commerce, amending the Stevenson-Wydler Technology Innovation Act of 1980 to enhance the development and nationwide deployment of manufacturing technologies, and authorizing appropriations for the Technology Administration of the Department of Commerce, including the National Institute of Standards and Technology, and for other purposes.

Mr. President, instead of doing all that the bill's title says, wouldn't it be easier and more effective to encourage competitiveness, promote research and development, and spur economic growth by lowering the capital gains tax, and remove other impediments to creativity and investment?

Wouldn't such an across-the-board incentive allow American industry as a whole?

The answer is "yes."

So why does the bill before us authorize a $2.8 billion grant program that will favor only certain companies and universities that are grant recipients? The answer is pork.

The National Competitiveness Act is said to be designed to encourage the growth of the information superhighway. Well, if we pass this bill, the only thing the highway will carry is pork.

The country indeed needs policy that will encourage manufacturing growth and the development and deployment of advanced technology. Those are noble goals. But I do not believe they will be accomplished by passing out the taxpayers' money.

The committee report notes:

> Of the approximately 360,000 smaller American manufacturers those who employ 500 or fewer workers) most have not advanced in adoption of modern manufacturing technology and methods from where they were a generation ago. Only 6 in 10 of them employ advanced technology, compared with 9 out of 10 plants with more than 500 employees. . . . Clearly, if we are to reshape American's manufacturing outlook, we must recognize that it is these smaller companies which most need the efficiency and flexibility in-

herent in modern advanced manufacturing. And then having recognized the challenge, we must meet it.

I agree 100 percent. It appears we don't disagree with the problem or the goals. We disagree with the remedy.

I do not believe that creating 100 manufacturing extension centers funded by the Government will solve the problem. That money could be put to much better use by private industry itself. I have full faith and confidence that the spirit of inventiveness that has characterized generations of Americans could be fostered without 100 extension centers.

Mr. President, this bill uses impressive and high-sounding terms such as technology grants, extension centers, and manufacturing advisory committees. The fact of the matter is all those terms are just a synonym for pork.

If we are serious about encouraging industrial development, we may have the tools to accomplish that goal. But this bill does not do that. It creates a new gravy train with the Secretary of Commerce in the engine car to deliver pork to select industries.

Mr. President, we can't buy competitiveness. We have tried to buy our way out of every domestic problem we have faced. We have failed miserably in almost every area. It appears that competitiveness and industrial research and development have become the newest frontier for the failed impresarios of the money game.

Unfortunately, this bill does little more than start the pork train on its way, and I have no choice but to oppose its passage.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that it be in order to request the yeas and nays en bloc on the Danforth amendment and the final passage of H.R. 820 with one show of hands serving as a sufficient second.

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

Mr. HOLLINGS. Now I ask for the yeas and nays en bloc.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. We are checking with the leadership. Do they want a quorum call for a few minutes?

Mr. METZENBAUM. I do not want a delay.

I ask for the regular order to proceed to the vote.

MEASURE PLACED ON THE CALENDAR

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the House Concurrent Budget Resolution (H. Con. Res. 218), be referred to the Budget Committee and that the resolution be immediately discharged from the committee and placed on the calendar.

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

THE NATIONAL COMPETITIVENESS ACT

The Senate continued with the consideration of the bill.

Mr. METZENBAUM. Regular order.

Mr. HOLLINGS. On behalf of the leaders on both sides, I suggest the absence of a quorum for a few minutes.

Mr. METZENBAUM. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. METZENBAUM. I acceded to the 10 o'clock vote with the understanding that I had a commitment to which I would be late, but I was willing to go along with that. I believe that we ought to proceed to the vote.

Go ahead.

The PRESIDING OFFICER. Does the Senator withhold the suggestion for the absence of a quorum?

Mr. HOLLINGS. I withhold.

Mr. METZENBAUM. Mr. President, regular order.

VOTE ON AMENDMENT NO. 1522

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the amendment No. 1522 of the Senator from Missouri [Mr. DANFORTH].

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Oklahoma [Mr. BOREN] is necessarily absent.

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

The result was announced—yeas 44, nays 55, as follows:

[Rollcall Vote No. 59 Leg.]

YEAS—44

Bennett	Faircloth	Mack
Bond	Gorton	McCain
Bradley	Gramm	McConnell
Brown	Grassley	Murkowski
Chafee	Hatch	Nickles
Coats	Hatfield	Packwood
Cochran	Heflin	Pressler
Cohen	Helms	Roth
Coverdell	Hutchison	Simpson
Craig	Jeffords	Smith
D'Amato	Kassebaum	Specter
Danforth	Kempthorne	Thurmond
Dole	Kohl	Wallop
Domenici	Lott	Warner
Durenberger	Lugar	

NAYS—55

Akaka	Dodd	Kerrey
Baucus	Dorgan	Kerry
Biden	Exon	Lautenberg
Bingaman	Feingold	Leahy
Boxer	Feinstein	Levin
Breaux	Ford	Lieberman
Bryan	Glenn	Mathews
Bumpers	Graham	Metzenbaum
Burns	Gregg	Mikulski
Byrd	Harkin	Mitchell
Campbell	Hollings	Moseley-Braun
Conrad	Inouye	Moynihan
Daschle	Johnston	Murray
DeConcini	Kennedy	Nunn
Pell	Rockefeller	Stevens
Pryor	Sarbanes	Wellstone
Reid	Sasser	Wofford
Riegle	Shelby	
Robb	Simon	

NOT VOTING—1

Boren

So the amendment (No. 1522) was rejected.

Mr. EXON. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will come to order.

Under the previous order, the committee substitute, as amended, is agreed to.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The clerk will read S. 4 for the third time.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Under the previous order, the Commerce Committee is discharged from further consideration of H.R. 820, and the Senate will proceed to its immediate consideration.

The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 820) to amend the Stevenson-Wydler Technology Innovation Act of 1980.

The PRESIDING OFFICER. Under the previous order, all after the enacting clause of H.R. 820 is stricken and the text of S. 4, as amended, is inserted in lieu thereof.

The clerk will read H.R. 820 for the third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on the passage of H.R. 820, as amended. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Oklahoma [Mr. BOREN] is necessarily absent.

I further announce that, if present and voting, the Senator from Oklahoma [Mr. BOREN] would vote "aye."

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

The result was announced—yeas 59, nays 40, as follows:

[Rollcall Vote No. 60 Leg.]

YEAS—59

Akaka	Cohen	Harkin
Baucus	Conrad	Hatfield
Biden	Daschle	Heflin
Bingaman	DeConcini	Hollings
Boxer	Dodd	Inouye
Breaux	Dorgan	Jeffords
Bryan	Exon	Johnston
Bumpers	Feinstein	Kassebaum
Burns	Ford	Kennedy
Byrd	Glenn	Kerrey
Campbell	Graham	Kerry

Kohl	Moseley-Braun	Rockefeller
Lautenberg	Moynihan	Sarbanes
Leahy	Murray	Sasser
Levin	Nunn	Shelby
Lieberman	Pell	Simon
Mathews	Pryor	Stevens
Metzenbaum	Reid	Wellstone
Mikulski	Riegle	Wofford
Mitchell	Robb	

NAYS—40

Bennett	Faircloth	McConnell
Bond	Feingold	Murkowski
Bradley	Gorton	Nickles
Brown	Gramm	Packwood
Chafee	Grassley	Pressler
Coats	Gregg	Roth
Cochran	Hatch	Simpson
Coverdell	Helms	Smith
Craig	Hutchison	Specter
D'Amato	Kempthorne	Thurmond
Danforth	Lott	Wallop
Dole	Lugar	Warner
Domenici	Mack	
Durenberger	McCain	

NOT VOTING—1

Boren

The bill (H.R. 820), as amended, was passed.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senate insists on its amendment, requests a conference with the House on the disagreeing votes of the two Houses on H.R. 820, and the Chair is authorized to appoint conferees.

Thereupon, the Presiding Officer (Mr. CAMPBELL) appointed Mr. HOLLINGS, Mr. ROCKEFELLER, and Mr. DANFORTH conferees on the part of the Senate.

The PRESIDING OFFICER. Under the order of March 15, 1994, S. 4 is returned to the calendar.

GENERAL AVIATION REVITALIZATION ACT OF 1994

The PRESIDING OFFICER. Under the previous order, upon disposition of H.R. 820, the Senate resumes consideration of S. 1458, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1458) to amend the Federal Aviation Act of 1958 to establish time limitations on certain civil actions against aircraft manufacturers, and for other purposes.

The Senate continued with the consideration of the bill.

Mr. DANFORTH. Mr. President, I am pleased to support S. 1458, the General Aviation Revitalization Act of 1993. This legislation will help to lift the weight of product liability lawsuits that has almost crushed our light aircraft manufacturing industry. I commend Senator KASSEBAUM for her leadership on this issue, which culminates with today's vote on this legislation.

The general aviation industry has experienced a dramatic decline in production since 1978. In that year, the industry produced 18,000 aircraft, of which 17,000 were piston-engine aircraft. Last year, the industry manufactured only 900 aircraft, including only 555 piston-engine aircraft. According to the General Aviation Manufacturers Association [GAMA], a major reason for the dramatic decline in the light aircraft industry is the application of the doctrine of strict liability in product liability cases arising out of aircraft accidents. GAMA statistics indicate that claim and defense costs for light aircraft airframe and component manufacturers have risen from $24 million in 1976 to $210 million in 1986. The three largest manufacturers of piston-engine aircraft are virtually out of that line of business. By 1986, Cessna, which has been the largest manufacturer of piston-engine models, had dropped completely out of that business. Last year, Beech manufactured only 18 percent of the piston aircraft they made in 1978, and Piper's production of piston aircraft has dropped to 2 percent of the 1978 level. Piper has been in bankruptcy since 1991.

Beech compiled statistics on all product liability litigation it defended between 1983 and 1986. During that time, Beech was named in 203 suits. The National Transportation Safety Board determined that a factor other than design or manufacturing error was the cause in each accident. Nevertheless, the average cost of each lawsuit, including defense costs and verdicts, was $530,000. Beech estimated that the costs of litigation added $70,000 to the price of each new aircraft.

The industry's decline has led to severe job losses and a balance of trade deficit. According to Russell Meyer, president of Cessna, this decline has led to the loss of 100,000 jobs. Moreover, in 1978, the light aircraft industry ran a balance of trade surplus of $340 million. In 1981, the industry experienced a balance of trade deficit of $200 million. That was the first deficit ever in the history of the industry. Last year, the balance of trade deficit reached $800 million.

Current product liability law allows manufacturers to be held liable for defective design or manufacture decades after the aircraft is manufactured. The average piston-engine aircraft is over 27 years old and one-third of the fleet is over 32 years old and manufacturers continue to be held liable for the design and manufacture of these aircraft. This "long tail" of liability will destroy what little remains of the light aircraft industry unless the problem is addressed immediately.

Unlike many problems, this one has a consensus solution—enactment of legislation limiting the liability of general aviation manufacturers. This legislation enjoys such strong support because it will create jobs.

The International Association of Machinists strongly supports this legislation. Russell Meyer has said that his company will restart production of piston-engine aircraft if this legislation is enacted and, "within 5 years, more than 25,000 jobs would be created at no cost to the Government." In addition to light aircraft manufacturers, the Aircraft Owners and Pilots Association, representing those who purchase and use general aviation, support this initiative. Thus, this legislation is supported by manufacturers, labor, and the primary organization representing the users and consumers of general aviation.

The members of President Clinton's Airline Commission unanimously supported enactment of a 15-year statute of repose in their August 19 report to the President and the Congress. The report states:

The enactment of legislation limiting the liability of general aviation manufacturers to 15 years from the date of manufacture would help regenerate a once-healthy industry and help create thousands of jobs.

The Commission reiterated its staunch support for this legislation in a November 2 letter to Transportation Secretary Federico Peña. The letter was commenting on a staff draft prepared by bureaucrats at the Department of Transportation that called for more study of the statute of repose issue. It started:

On the issue of a statute of repose, it is clear that this once competitive sector of our manufacturing industry cannot be revived unless this step is taken. This is a limited and targeted response to a demonstrated problem.

The Commission went on to say, "The time is right, right now."

Mr. President, I agree with the Commission. The time to act is now. Passage of this legislation will restore fairness to product liability cases involving general aviation aircraft, and it will revitalize an important industry while creating tens of thousands of new jobs. I urge my colleagues to support S. 1458.

Mr. CHAFEE. Mr. President, I applaud my colleague from Kansas for her tenacity, perseverance, and great patience in bringing once again the issue of general aviation liability reform before this body.

By granting an 18-year statute of repose, the Kassebaum legislation addresses one of the most important factors that have brought about the decline of the general aviation industry: increased product liability exposure, and its staggering cost to aircraft manufacturers.

General aviation manufacturers are spending a huge amount of time and resources on defending lawsuits instead of developing or perfecting products and manufacturing technology. That burden is having an extremely detrimental effect on the health of the general aviation industry in this country. Sales of domestic aircraft have dropped sharply since the late 1970's.

Cessna, Piper, and Beech aircraft among others have cut back production dramatically. Listen to this: In 1979, U.S. companies turned out 17,000 general aviation aircraft; in 1992, our companies made 400. The loss in this particular manufacturing sector has in turn had a ripple effect on the overall economy, with an estimated 100,000 jobs lost in general aviation manufacturing and those industries who supply general aviation parts and service. And U.S. manufacturers, who used to produce more than 95 percent of the world's general aviation aircraft, no longer have that leadership. The world leaders now are France, Germany, and Italy.

Let me share one example with my colleagues. I have a letter here from Cessna. Cessna is a subsidiary of Textron, which is headquartered in my State of Rhode Island and which is an important employer there. Cessna has quit the business of piston aircraft completely, even though those sales were going quite well for them. Indeed, between 1965 and 1982, Cessna sold 6,500 piston aircraft annually, and was investing $20 to $25 million in research and development annually—15,000 men and women were employed by Cessna back then.

But in 1986, with just 3,000 employees, they quit the piston aircraft business altogether. Why? Because of the phenomenal liability costs. Coincidentally, these costs amounted to $20 to $25 million each year—the same amount previously spent on R&D.

If the Kassebaum legislation is enacted into law, the president of Cessna, Russ Meyer, said publicly last fall that Cessna will restart production as soon as possible. And the entire general aviation industry predicts that if this legislation is enacted into law, employment in that industry will increase by 25,000 within 5 years. What a boost that would be in these difficult economic times.

Last August, the President's National Commission to Ensure a Strong Competitive Airline Industry came out with 61 recommendations. The single policy recommendation that the Commission believed would create the most jobs was to establish a statute of repose for the general aviation industry. No wonder the International Association of Machinists joins in support of this bill.

Now I want to reiterate a point made previously in debate on this bill about public safety: As my colleague from Kansas has so ably pointed out, this issue is not—I repeat not—a question of whether or not consumers are protected when they buy this aircraft. There are strict regulations placed on the general aviation industry for their manufacturing processes. Stringent Federal guidelines ensure that planes are built according to exacting criteria, and Federal approval and certification is required along the way. We have ensured that passengers in these aircraft are not placed in danger because of shoddy design or manufacturing, or any shortcuts taken by the manufacturer.

Indeed, I might point out that the bill is supported by virtually every aviation consumer organization.

When accidents do happen, virtually all—99 percent—occur not due to a manufacturing or design defect, but to other causes. Yet the liability costs for general aviation have skyrocketed.

I would argue strongly to my colleagues that a great part of our role in Congress is to protect the public's welfare and encourage economic development. The current liability system for general aviation adds nothing to public welfare, and enormously harms economic development.

If we do not adopt this measure, we will continue to see a decline in the general aviation industry—and equally important, a decline in U.S. jobs and trade. Are we ready to see the United States not only lose global leadership in this industry but to allow the general aviation industry to disappear altogether in this country?

In one stroke, we can improve substantially the situation—and therefore the fate—of this important industry. For Congress not to act is madness. I for one am not ready to see this industry, with all its technology and jobs, disappear from the face of this country.

I urge the adoption of this very simple but wise measure, and again extend my compliments to the Senator from Kansas.

Mr. DOLE. Mr. President, I rise in support of my distinguished Kansas colleague, NANCY KASSEBAUM, as an original cosponsor of this important legislation that is designed to revitalize the general aviation industry. Since the 99th Congress, we have been attempting to obtain some form of relief that addresses a serious problem confronting this important national industry.

Mr. President, the general aviation industry has paid the price in recent years because of the dramatic increased costs associated with product liability. This legislation is a commonsense approach. It makes no sense for the general aviation industry to be penalized by these outrageous increases since they have occurred during a period where the safety record of general aviation has greatly improved.

In Kansas, especially in Wichita, where Beech, Cessna, and Learjet companies manufacture aircraft, the effect of congressional inaction has been dramatic. In 1992, a total of 899 general aviation aircraft were delivered—representing a decline of 6.7 percent from 1991. Of those aircraft deliveries, the world export market also showed a 5-percent decline. Contrast that to 17,000 general aviation aircraft sold in 1979. Although 1993 aircraft delivery figures edged up slightly, it is clear to me that the industry is not experiencing new and robust health in the current environment.

Liability payments by manufacturers, on the other hand, rose from $24 million in 1979 to approximately $240 million in 1990. U.S. airplane manufacturing employment has declined since 1980 by 46 percent—from 40,000 workers to approximately 21,500 today.

The result is lost jobs, lost aircraft sales, and lost export markets. In addition, these losses also create adverse affects on other industries that rely on a healthy aircraft manufacturing market.

Mr. President, this approach, the creation of an 18 year statute of repose on civil actions brought against aircraft manufacturers or producers of general aviation parts is different from our previous efforts and represents a reasonable, sensible and fair solution for all concerned. This legislation is supported by manufacturers, consumers and labor. It was recommended by the President's Commission to Ensure a Strong Competitive Airline Industry. In fact, Cessna Aircraft Co. in Wichita has made no secret of the fact that it will immediately hire workers to begin production of piston-powered aircraft as soon as this legislation is passed.

In fact, Mr. President, this approach will create thousands of high wage jobs immediately simply by bringing common sense to the product liability laws affecting general aviation. Not one Federal dollar is needed to get this result. And most importantly, this is not a blank check for relief Mr. President.

I want to congratulate Senator KASSEBAUM on her efforts to bring this important issue to the floor for a vote today. Enactment of this legislation is long overdue, and her efforts have been tireless and commendable.

Mr. DURENBERGER. Mr. President, I rise today in strong support of S. 1458, the General Aviation Revitalization Act of 1993.

Under this bill, as amended, no civil action can be brought for damages arising out of a general aviation accident if the accident occurred more than 18 years after the aircraft was delivered to its first purchaser. In the case of component parts, no civil action may be brought more than 18 years after the date of the replacement or addition.

I am told that most planes by that time have had several owners, at least three major overhauls and on average accumulated 6,000 hours of flying time.

I became a cosponsor of S. 1458 because I believe that unreasonable product liability costs associated with the domestic manufacturing of general aviation aircraft have been the single most important factor contributing to the decline in U.S. production of light airplanes. From 1978 to 1992, American general aviation manufacturers spent

as much to defend product liability suits as they had spent to develop new aircraft from 1945 to 1978. As a result, American production of private airplanes declined from 17,000 in 1979 to less than 1,700 in 1989. Over 100,000 industry and related jobs were lost during that same period.

S. 1458 has the strong support of both manufacturers and organized labor. The International Association of Machinists and Aerospace Workers, the Aircraft Owners and Pilots Association, the Aircraft Electronics Association, the General Aviation Manufacturers Association, the Minnesota Department of Transportation, and Minnesota manufacturer Honeywell, Inc. have all written to me in support of the General Aviation Revitalization Act.

I urge my colleagues to join me in voting for this important measure.

Mr. LEVIN. Mr. President, my vote for this narrowly targeted and industry-specific legislation should not be construed to indicate my general view on issues dealing with Federal involvement in product liability issues.

There is already significant Federal involvement in aviation. The Federal Aviation Administration, governed by laws passed by Congress, has detailed regulatory oversight over general aviation. The FAA must certify each aircraft design before manufacture. Each individual plane must be certified before it is allowed to fly. And, each general aviation plane not in commercial use must pass an annual FAA certification.

The Federal involvement also goes beyond the machinery; the FAA regulates air routes and regulates and certifies the pilots. Thus this industry is in many ways unique, which is appropriate, in its degree of Federal involvement in regulation and certification.

I also want to commend Senator KASSEBAUM for her effort on behalf of this legislation and on her willingness to consider modifications to it. She is a model of tenacity, patience, and fairness.

Mr. DODD. Mr. President, I rise today in strong support of the General Aviation Revitalization Act. This legislation, which I am cosponsoring, should improve the American general aviation industry for manufacturers, employees, and consumers.

The American general aviation industry, which produces small planes designed for private use, has suffered a dramatic downturn in recent years. Deliveries of this type of aircraft dropped from nearly 18,000 in 1978 to less than 900 last year. Because of this decline, more than 100,000 jobs have been lost in manufacturing, sales, service, and related industries.

Much of the problem stems from laws which hold manufacturers liable for planes that were built decades ago. This open-ended liability has driven up the cost of insurance and made it increasingly expensive for American manufacturers. Not surprisingly, foreign manufacturers who are not constrained by these product liability laws have captured a growing share of the market.

This legislation should help restore the competitive balance and provide new opportunities for American workers. Generally, the bill provides that no civil action for damages arising out of a general aviation accident may be brought against the aircraft manufacturer if the accident occurs more than 18 years after delivery of the aircraft to the first purchaser. It also provides a similar, 18-year statute of repose for manufacturers of general aviation component parts.

In the past, I have opposed various measures that Senator KASSEBAUM has introduced on this subject. In my view, those efforts struck the balance too much toward manufacturers. But this most recent version, which has been modified after bipartisan negotiations, is a narrow measure that protects the interests of consumers and employees as well as manufacturers. Indeed, a wide range of constituents in my home State of Connecticut—machinists, airline pilots, and employers—have urged me to support this bill.

In closing, Mr. President, I urge my colleagues to vote in favor of this vital piece of legislation. I commend Senator KASSEBAUM for her hard work on this measure, and I look forward to the opportunity it presents for a revitalized general aviation industry.

The PRESIDING OFFICER. Under the previous order, the question now occurs on final passage of the bill. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senate from Oklahoma [Mr. BOREN] is necessarily absent.

I further announce that if present and voting, the Senator from Oklahoma [Mr. BOREN] would vote "aye."

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

The result was announced—yeas 91, nays 8, as follows:

[Rollcall Vote No. 61 Leg.]

YEAS—91

Akaka	Craig	Grassley
Baucus	D'Amato	Gregg
Bennett	Danforth	Harkin
Bingaman	Daschle	Hatch
Bond	DeConcini	Hatfield
Boxer	Dodd	Helms
Breaux	Dole	Hollings
Brown	Domenici	Hutchison
Bryan	Dorgan	Inouye
Bumpers	Durenberger	Jeffords
Burns	Exon	Johnston
Byrd	Faircloth	Kassebaum
Campbell	Feingold	Kempthorne
Chafee	Feinstein	Kennedy
Coats	Ford	Kerrey
Cochran	Glenn	Kerry
Cohen	Gorton	Kohl
Conrad	Graham	Lautenberg
Coverdell	Gramm	Leahy
Levin	Moynihan	Rockefeller
Lieberman	Murkowski	Roth
Lott	Murray	Sarbanes
Lugar	Nickles	Sasser
Mack	Nunn	Simpson
Mathews	Packwood	Smith
McCain	Pell	Stevens
McConnell	Pressler	Thurmond
Metzenbaum	Pryor	Wallop
Mikulski	Reid	Warner
Mitchell	Riegle	
Moseley-Braun	Robb	

NAYS—8

Biden	Shelby	Wellstone
Bradley	Simon	Wofford
Heflin	Specter	

NOT VOTING—1

Boren

So the bill (S. 1458) was passed, as follows:

S. 1458

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 "General Aviation Revitalization Act of 1994".

SEC. 2. TIME LIMITATION ON CIVIL ACTIONS AGAINST AIRCRAFT MANUFACTURERS.

Title XI of the Federal Aviation Act of 1958 (49 U.S.C. App. 1510–1518) is amended by adding at the end the following new section:

"SEC. 1119. TIME LIMITATION ON CIVIL ACTIONS AGAINST AIRCRAFT MANUFACTURERS.

"(a) IN GENERAL.—Except as provided in subsection (b) of this section, no civil action for damages for death or injury to persons or damage to property arising out of an accident involving a general aviation aircraft may be brought against the manufacturer of the aircraft or the manufacturer of any component, system, subassembly, or other part of the aircraft, if the accident occurred—

"(1) more than 18 years after—

"(A) the date of delivery of the aircraft to its first purchaser or lessee, if delivered directly from the manufacturer; or

"(B) the date of first delivery of the aircraft to a person engaged in the business of selling or leasing such aircraft; or

"(2) with respect to any component, system, subassembly, or other part which replaced another product originally in, or which was added to, the aircraft, and which is alleged to have caused the claimant's damages, more than 18 years after the date of the replacement or addition.

"(b) EXCEPTIONS.—Subsection (a) of this section does not apply—

"(1) if the claimant pleads with specificity the facts necessary to prove, and proves by clear and convincing evidence that the manufacturer with respect to certification or obligations with respect to continuing airworthiness of an aircraft or aircraft component knowingly misrepresented to the FAA, or concealed or withheld from the FAA, required information that is material and relevant to the performance or the maintenance or operation of such aircraft or component that is causally related to the harm which the claimant allegedly suffered;

"(2) if the person for whose injury or death the claim is being made is a passenger for purposes of receiving treatment for a medical or other emergency; or

"(3) if the person for whose injury or death the claim is being made was not aboard the aircraft at the time of the accident.

"(c) GENERAL AVIATION AIRCRAFT DEFINED.—For the purposes of this section, the

term 'general aviation aircraft' means any aircraft for which a type certificate or an airworthiness certificate has been issued by the Administrator, which, at the time such certificate was originally issued, had a maximum seating capacity of fewer than 20 passengers, and which was not, at the time of the accident, engaged in scheduled passenger carrying operations as defined under regulations issued under this Act.

"(d) RELATIONSHIP TO OTHER LAWS.—This section supersedes any Federal or State law to the extent that such law permits a civil action described in subsection (a) to be brought after the applicable deadline for such civil action established by subsection (a).".

SEC. 3. CONFORMING AMENDMENT.

The table of contents contained in the first section of the Federal Aviation Act of 1958 is amended by adding at the end of the matter relating to title XI of such Act the following:

"Sec. 1119. Time Limitation on Civil Actions Against Aircraft Manufacturers.

"(a) In general.

"(b) Exceptions.

"(c) General aviation aircraft defined.

"(d) Relationship to other laws.".

Mr. SPECTER. Mr. President, when I voted in the rollcall, the tally was 91 in favor of Senator KASSEBAUM'S bill and 6 opposed with one additional Senator voting no after I did, so I cast this protest vote knowing that the bill would be overwhelmingly approved by the Senate. I did so with substantial reservations because of a strong Pennsylvania constituent interest on general aviation aircraft and a boyhood of growing up in Wichita, KS, where Steerman, Cessna, and Beechcraft were very prominent companies.

I voted against the 18-year statute of repose because of a fundamental view that the courts should be open and my abiding confidence in the jury system notwithstanding its lapses on excessive verdicts which can be dealt with in other ways. Simply stated, I believe that an injured person should not be barred from court by a statute of repose where the airplane is represented by its manufacturer to have a useful life in excess of 18 years and the statistics show such planes are operated for a much longer period of time.

In casting this vote, I am mindful of the arguments in favor of the bill that the number of planes produced by the industry has declined from 18,000 annually to just over 900 in the last 20 years with over 100,000 jobs having been lost. While there is significant disagreement, many industry experts attribute much of that decline to cost increases including defense and liability exposure for aircraft manufactured long ago.

In disagreeing with all 43 of my Republican colleagues and 48 Democrat Senators, I do so having just completed extensive research on keeping the courts open in preparation for an argument in the Supreme Court of the United States involving the Philadelphia Naval Shipyard. My extensive review of the cases has convinced me, more than ever, the courts should exercise judicial review in cases like the Philadelphia Navy Yard and courts should not be closed to injured parties by a statute of repose. While the statute of repose closes the courts in a somewhat different fashion from rejecting judicial review, there are substantial similarities.

From my own litigation experience in the product liability area, I believe that juries will give appropriate deference to defendants where liability allegations are made on general aviation aircraft more than 18 years old. If manufacturers represent that a given product will last only a specific length of time, then I would agree to limiting their liability through a statute of repose to that timeframe.

Statistics represent that the average general aviation aircraft is in service 25.6 years so it is obvious that some planes are in service for a much longer period of time, and there is evidence that planes can and do fly for more than 18 years with latent design defects.

But beyond my own personal concerns about flying in many general aviation planes, I think that public policy is best served by deciding these close questions in favor of safety over profits.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that there now be a period for morning business, during which time Senators may be recognized to speak for up to 10 minutes each; that the period for morning business extend until 12:30 p.m. today, and that at 12:30 p.m., the Senate proceed to the consideration of Calendar Order No. 259, S. 1275, a bill to facilitate the establishment of community development financial institutions.

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

WORKERS' COMPENSATION

Mr. THURMOND. Mr. President, I rise today because this body stands on the threshold of what promises to be a historic debate concerning health care. While it is generally recognized that our health care system is in need of reform, we are nevertheless a long way from consensus as to what to do. The public will be watching Congress closely; therefore, we must make sure that whatever changes occur in our health care system are for the better. Our constituents expect a lot.

In that regard, Mr. President, I want to take a few minutes to focus this body on one critical aspect of health care: Workers' compensation. As a member of the Committee on Labor and Human Resources, this topic will be of prime importance to me and, I hope, to many of you as health care reform proceeds.

Workers' compensation was created over 80 years ago and is the result of a commonsense compact between business and labor. If a worker is injured on the job, all of his or her medical expenses are covered, and disability payments, in lieu of paychecks, are made until the worker returns to the job. In return, the injured worker agrees not to sue his or her employer to receive compensation for the injury. Thus, both business and labor have the certainty that an injured worker will not suffer financially and, equally important, will be given medical care. The goal of workers' compensation is simple: Get an injured worker back to work and normalcy as soon as possible.

Mr. President, workers' compensation has always been a State-managed system, and various States have operated their systems differently. Private insurance companies provide converge in many States, while other States operate their own workers' compensation funds. While the financial condition of workers' compensation programs has varied and continues to vary widely, States have always had the freedom and flexibility to experiment with new ideas and approaches to improve the system. In the last few years, several States, such as California and Florida, have reformed their workers' compensation programs. Currently, dozens of workers compensation legislative proposals are pending in various State legislatures.

Of all the various health care proposals now under consideration, only the President's plan addresses workers' compensation. The remaining proposals—be they Democratic, Republican, or both—do not address workers' compensation and, therefore, leave the present system unaffected. While I understand the President's desire to include as many of our health care delivery systems under the umbrella of reform, I am hesitant to support the inclusion of this traditionally State-controlled system in any Federal legislation. If workers' compensation is included, however, there are several key principles against which any proposal must be judged.

First, workers' compensation must remain a State, rather than a Federal, system. In that regard, various State reforms should not be disturbed. Second, insurers or employers who foot the bill for medical care should continue to have significant decisionmaking authority. Third, experience rating—which encourages a safe workplace—should be maintained; and lastly, workers' compensation, as the exclusive remedy for an injury, must be preserved.6

While there are many things we should not change, let me add how

health care reform could improve workers compensation. Simply put, health care reform must help end the massive cost shifting onto workers' compensation that currently occurs. This could be accomplished by legislatively prohibiting workers' compensation programs from being charged more for medical services than other programs. Combined with new access to all types of benefits and delivery systems, this cost-shifting prohibition could be of significant benefit to workers' compensation programs in every State.

Mr. President, workers' compensation has been the subject of great attention not only by those who administer workers compensation programs, but also by numerous business and insurance groups who are greatly concerned that health reform causes no harm to this program. In that regard, I would like unanimous consent to include, after my remarks, statements by the International Association of Industrial Accident Boards and Commissions, the National Association of Manufacturers, the U.S. Chamber of Commerce, the National Federation of Independent Business, and the Alliance of American Insurers, which address workers compensation.

Mr. President, as the debate over health care proceeds, I urge my colleagues to be mindful of workers' compensation and to judge any proposal to change this program by the principles I have just outlined. Any changes to workers' compensation at the Federal level must not harm this vital program.

I ask unanimous consent that material pertaining to this subject be printed in the RECORD.

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

INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT BOARDS AND COMMISSIONS—RESOLUTION REGARDING NATIONAL HEALTH CARE REFORM

Whereas the President of the United States is committed to providing every American access to quality health care; and

Whereas the Administration has proposed to integrate workers' compensation medical coverage into the health care package provided to Americans; and

Whereas the International Association of Industrial Accident Boards and Commissions (IAIABC) is an organization of workers' compensation Administrators and Commissioners; and

Whereas the primary interest of the IAIABC is to improve the effectiveness and efficiency of workers' compensation systems; and

Whereas state workers' compensation laws already provide universal health care for occupational injuries and diseases for all workers covered by workers' compensation laws; and

Whereas many states are already involved in health care reform efforts to assure quality health care for injured workers at a fair and reasonable cost to employers; and

Whereas state managed care initiatives and other medical cost containment reforms directed toward improving quality care at a reasonable cost should not be preempted by any of the current federal health care proposals; and

Whereas due to the long pay out pattern of existing workers' compensation medical liability, under the Administration's health care reform proposal a dual payment system would be created resulting in extreme confusion, indeterminable liabilities and administrative inefficiencies: Therefore be it

Resolved, That the IAIABC opposes integration or merger of workers' compensation medical care and financing into a national health care system at this time. The IAIABC believes that the proposed system would reduce safety incentives, delay return to work, increase costs and destroy the many innovative existing state programs as well as those presently being put in place, without proof that integration or merger would improve the quality of care to injured workers and control or reduce costs to employers while safeguarding the many beneficial elements of the existing workers' compensation system; and be it further

Resolved, That the IAIABC continues to support all sincere and legitimate efforts to improve the workers' compensation systems. The IAIABC supports creation of a task force or commission, which includes state Administrators and Commissioners, to study the feasibility and appropriateness of coordinating workers' compensation with a restructured health care system. Such task force or commission should not be charged to mandate a federal system, preempt state laws or preserve the existing state programs but, rather should be a reasoned effort to improve the systems, lower the costs and assure quality health care and indemnity benefits to injured workers.

Adopted by the Executive Committee of the IAIABC this 15th day of November, 1993, Pittsburgh, Pennsylvania.

STATEMENT BY THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS ON WORKERS' COMPENSATION AND NATIONAL HEALTH CARE

Title X of the Administration's Health Security Act requires each health plan to provide enrollees, or arrange for the provision of, workers' compensation services—defined as medical benefits, rehabilitation, long-term care, and other services commonly used for treatment of work-related injuries and illnesses. This concept has come to be known as a coordination between workers' compensation and national health care, as opposed to a full merger approach which would entail actually separating the medical component of workers' compensation from the disability (or wage loss component and transferring it to a new national health system. Under the coordinated approach the current workers' compensation medical and disability would be maintained, but insurers would contract with approved health plans for the treatment of workers' compensation medical claims.

Many in the Administration seem to favor the idea of separating the medical portion of workers' compensation from the disability component. Under this kind of proposal, medical would become part of the new national health care structure and disability would remain under the purview of existing workers' compensation carriers. Indeed, Title X contains a provision to create a Commission on Integration of Health Benefits to study the feasibility and appropriateness of transferring financial responsibility for all medical benefits, including workers' compensation and automobile insurance, to the health plans. In anticipation of such a proposal, NFIB recently polled its members on this concept (Mandate 501, June 1993). The following question was posed: "Should the Medical Portion of Workers' Compensation be Moved Into a New Standard Health Plan?" Appropriate background information was provided to the membership, including pro and con arguments. The results were 19 percent voting in the affirmative, 63 percent voting in the negative, with 18 percent undecided.

Considering the fact that workers' compensation is mandatory for most employers and that the costs for this insurance are rising faster than general health insurance, one might think that employers would opt for any kind of change that offered some hope of reducing costs. Indeed, the Administration has put forth its proposed merger of health insurance and workers' compensation medical as a cost containment measure. Clearly, NFIB members did not view it as such. Since workers' compensation medical expenditures are less than 2 percent of all health care expenditures, it is hard to conceive of the merger approach as a major cost containment mechanism. Under either the merger approach or the coordinated approach, any cost savings are likely to occur as a result of getting workers' compensation medical claimants into a managed care environment. This can be achieved without dismembering the current workers' compensation program. A recent study by the Workers Compensation Research Institute (WCRI) of Cambridge, Massachusetts on the cost implications of the coordinated approach under Title X presents some disturbing findings. The WCRI report concluded that:

"On balance, the Clinton plan is likely to increase costs for workers' compensation—the effects of features that increase costs are likely to outweigh effects of features that reduce them. The possible exception is the corporate alliances which could provide a vehicle for large employers to counter some of the cost-increasing incentives created by the Clinton plan."

The WCRI study identified seven components of Title X which could be cost-drivers with respect to workers' compensation—driving costs either up or down. Among those factors which would tend to increase costs:

Mixing fee-for-service and capitated payment would create an incentive to shift costs from general health care to workers' compensation.

Disconnecting responsibility for managing medical treatment from the responsibility for paying indemnity benefits may increase these wage-loss payments.

Allowing employees to choose specialized workers' compensation providers may offer incentives for doctor shopping and excessive service provision by providers, as well as delay return to work efforts.

WCRI identified other components of the Clinton plan that would create incentive to promote cost savings. These include:

Medical fee schedule, depending on the level that the rates are set, could drive costs down.

Managed care treatment of workers' compensation medical claims could lead to lower medical costs and possibly lower indemnity costs.

The development of promised medical treatment protocols for work-related injuries and illnesses could lead to lower costs, depending on the enforcement mechanisms in place.

Selective contracting with the most cost-effective health care plans by corporate alli-

ances could offset the effects of the fee-for-service/capitation mix and the medical-indemnity disconnect, but only for large corporations.

The Administration has repeatedly touted Title X as a way of bringing down the costs of workers' compensation, and has argued that business should support the adoption of the Health Care Security Act, in part, because of this promised cost savings. The WCRI findings gives us great cause for concern over the Administration's claims.

There are also several technical problems in merging workers' compensation and health insurance. These revolve around the difference between health and comp in such areas as experience rating, scope of coverage, extent of coverage, benefit levels, cost sharing, and so forth. In addition, splitting the system into two parts means that employers/insurers would essentially lose control over the disability case management aspect of workers' comp. Eliminating the rehabilitation and return to work supervision of employees could seriously inhibit the ability to control costs on the disability side. Administration officials have come to recognize that these problems are significant and are beginning to give serious thought to how they might be resolved.

Since most employers are required to carry workers' compensation, they have some understanding of the program, and they understand that workers' compensation reform is absolutely essential. It will be difficult, however, to convince them that a merger of the health and comp systems represents the road to reform if the technical problems outlined above cannot be resolved.

NFIB appreciates efforts by the Administration and others to mitigate the workers' compensation burden on small business. In testimony delivered before the House Small Business Committee in September of last year, NFIB stated its belief however, that a full integration policy, untested in the United States, is unworkable and may not effectively slow down cost increases. In that same testimony, we noted that a "coordination" policy, that allows cost-saving managed care programs to be applied to workers' comp cases would be far preferable and, we believed, more palatable to both employers and insurers. Now, however, considering the findings of the Workers Compensation Research Institute with respect to the workers' compensation cost impacts of Title X of the Clinton legislation, NFIB believes that it is time to simply drop Title X altogether from the Health Security Act. No other health plan before the Congress deals with the workers' compensation issue. We believe it is time to get on with the business of fashioning a health care reform bill. Once we have some idea of what the health care reform will look like, then we can determine how workers' compensation may, or may not, fit into a new national health care plan.

[From the NAM Board of Directors, Naples, FL, Feb. 5, 1994]

NAM RESOLUTION ON HEALTH CARE REFORM AS IT RELATES TO WORKERS' COMPENSATION

The members of the National Association of Manufacturers (NAM) have previously expressed concern with the rising costs of health care and the high numbers of uninsured Americans. We are also concerned about the cost impact that changes to the health care system would have on the workers' compensation system. After careful study of the President's reform proposal as it affects workers' compensation (Title X), we have come to the conclusion that this complex issue deserves separate attention from that of the health care system.

Title X would jeopardize successful workers' compensation reform efforts at the state level, particularly as they relate to cost control mechanisms. The proposal would, among other things, eliminate employer choice of provider and diminish employer input and control of case management. Of greatest concern is the Federal Commission called for in Title X which apparently is intended to federalize the entire workers' compensation system. The members of the NAM believe that any federalization of these programs would be a serious error. At the state level, the benefits can best be tailored to fit local socio-economic conditions and such situations as may arise as the result of the introduction of new industries and technologies. Therefore, workers' compensation should continue to be regulated and administered by the states without intervention by the federal government.

For the reasons listed above, the workers' compensation provisions of Title X should be removed from the Administration's Health Security Act. If a Federal health care reform plan is enacted, specific statutory language must be included to prohibit cost-shifting to workers' compensation.

BACKGROUND

Outlined below in greater detail are our concerns.

Choice of physician: The value of allowing the free selection of physician is debatable. We have seen no evidence to support that this is preferable in workers' compensation cases. Most employees do not have the training, knowledge or information necessary to make these decisions, particularly in instances requiring specialists and rehabilitation. The proposal allowing states to certify specialists available to injured workers outside their basic Alliance Health Plan would facilitate doctor shopping and create additional disputes over medical treatment. Currently, roughly half the states are split between employee and employer choice of physician. Under Title X, the employer would have no control and in some cases no input in that decision.

We believe that there is value to employer input into the choice of physician and that the employee is better served if he/she makes this decision with the advice of the employer. If the system allows the employee to switch doctors, this is likely to result in the unnecessary lengthening of the disability period and/or the impairment rating, which will increase costs.

The bill as substantially written reduces the ability of the employer to control treatment. This, coupled with the free choice of physician by the employee, could result in treatment by inappropriate provider or providers lacking appropriate training for the injury involved. In any case, it does nothing to enhance or maintain the quality of treatment available to the injured workers.

Case management: Case management is critical to the successful treatment of serious injuries. To speed recovery and allow a timely return to work for injured workers, the case manager needs a thorough understanding of the specific jobs and workplace. This is most effectively accomplished by employer or carrier case managers. Case managers working for the alliances or AHP's (as structured under the Health Security Act) will be subject to internal financial pressures which are not conducive to the goal of high-quality, cost-effective care aimed at a prompt return to productivity. Additionally, dual case managers create further opportunity for additional strife within the system.

Cost Shifting: We are fearful that there are incentives in this bill for employees to shift cases to workers' compensation in order to receive first dollar coverage. While Title X does contain language calling for the development of treatment protocols and fee schedules to address all medical services, until these are fully operational, health plans may still employ differential pricing to the detriment of workers' compensation.

Proposed Workers' Compensation Commission: The NAM questions whether federal commissions produce value commensurate with their costs. In this case, we do not feel the commission should be charged with completing a study for further integration of the workers' compensation system into the general health care program before the reform program goes into effect. If the commission is required, it should not issue any recommendation until it has had time to evaluate the effectiveness of the reforms. In addition, we are concerned that the commission may expand its scope into issues concerning coverage and benefits, areas which fall under the jurisdiction of the states. The NAM believes these issues should remain with the states.

[U.S. Chamber of Commerce position on workers' compensation legislation]

STATEMENT ON WORKERS' COMPENSATION AND HEALTH CARE REFORM

As the country reviews proposals that will fundamentally alter the U.S. health care system and its impact on the states' workers' compensation systems, the U.S. Chamber of Commerce seeks to play a constructive role in helping to form a national consensus on this issue. Accordingly, the Chamber offers the following guidelines as a basis upon which we will assess the viability of any plan. There are two underlying principles, recognized in the first three guidelines below, that are central to the policy of the Chamber. First, we remain steadfastly opposed to the federalization of state workers' compensation systems. Second, the medical component of workers' compensation must be able to effectively benefit from any medical cost saving mechanisms instituted under a reformed health care system.

Workers' compensation must remain within the exclusive domain of state laws. A reform effort should not operate to expand any existing federal mandates or create any new ones, or to otherwise affect benefit levels established by the states.

Direct and total integration of the medical component of workers' compensation into nonoccupational health care reform is unacceptable. An employer's current ability to engage in overall disability management to ensure maximum rehabilitation in the earliest time frame with an eye toward controlling indemnity costs is essential to a workable, cost-effective workers compensation system. The Chamber will strongly and actively oppose any provision aimed at total integration.

The health care portion of workers' compensation must be allowed to take advantage of any medical cost savings that national health care reform would produce. Non-discrimination in the pricing of medical care between occupational and non-occupational injuries or diseases should be established. Health care reform should not leave workers compensation more vulnerable to cost shifting.

The current safety incentives, including experience rating based on both medical and

indemnity costs, should be maintained. Employers with good safety programs should continue to benefit from their efforts and should not be required to subsidize unsafe employers.

The current development and implementation of managed care and effective cost containment in workers' compensation should be permitted to continue.

The exclusive remedy principle of workers' compensation should be retained. This principle embodies the practice of employees giving up their right to sue the employer for a work-related injury or illness in exchange for reasonable and necessary medical care and cash benefits replacing a portion of lost income on a no-fault basis. Relaxing or eliminating this practice would needlessly expose employers to expensive and damaging tort litigation and would undermine support for no-fault benefits for workers.

The ability of employers to select medical care providers, where such ability exists under state workers compensation jurisdictions, should be preserved.

Employers' right to direct return-to-work efforts, including rehabilitation and associated medical care, should be allowed to continue. Sole control by providers is unacceptable.

The determination of work-relatedness and other medical-legal issues should continue to be governed by state workers' compensation statutes.

The right to self-insure in accordance with state workers' compensation laws should be preserved. Self-insurance permits employers to elect to bear their own risk if they are financially qualified to guarantee delivery of required benefits.

The role of federal workers' compensation programs (e.g., Longshore Act, Federal Employees Compensation Act, Black Lung program, etc.) within a reformed system must be considered. The effect of allowing any of these programs to opt out of the reformed system should be explored.

Workers' compensation premiums should remain fully tax deductible and benefit payments should remain excludable.

The current paperwork requirements should not be increased.

State law should continue to govern the definition of coverage (and obligation to cover). Specifically, coverage should be based on date of injury, not date of medical service.

Any reform effort should not impede states' efforts to effectively deal with fraud.

[From the Alliance of American Insurers, Washington, DC]

ALLIANCE OF AMERICAN INSURERS POSITION PAPER—WORKERS COMPENSATION AND TITLE X OF THE HEALTH SECURITY ACT

The Alliance of American Insurers is committed to achieving medical cost containment within the state-based workers compensation system. We are equally committed to opposing any plan that would sacrifice the high quality medical care and rehabilitation which victims of occupational accidents now receive through workers compensation programs.

A key workers compensation element which must be preserved in any reformed system is the ability of the employer and insurer to manage recovery from disabling work-related injuries. Effective medical treatment can reduce disability, but disability management speeds the worker's return to employment and often can reduce the amount of medical care which must be provided. The Alliance believes that any workers compensation reform proposal should embody the following principles:

1. Workers compensation providers should be allowed access to all health care delivery systems in use;
2. Unfair discrimination resulting in cost shifting should be eliminated;
3. States should continue to regulate workers compensation;
4. Insurers/employers who are responsible for medical care and disability payments should have substantial control over decisions related to that care;
5. Experience rating should be maintained; and,
6. The exclusive remedy doctrine should be preserved.

Title X of the Health Security Act clearly would undermine the first, second, third, and fourth principles listed above. Title X also would create an unworkable system of regulation and administration, including health alliances engaged in price-setting (fee schedules), and unnamed state agencies controlling access to expert workers compensation medical care. Furthermore, if the medical care component of workers compensation were to be merged into the proposed health insurance system (and this is virtually a preordained result flowing from Subtitle C), the fifth goal would be lost and the sixth would be at risk.

The Clinton Administration's "coordinated" approach to workers compensation outlined in Title X is flawed because it would require, rather than allow, medical treatment for occupational injuries to be delivered through the employee's health insurance plan, leaving employers with no meaningful input into the choice of medical provider. Title X would shift case management of an injury away from the employer/insurer—who has expertise in the management and treatment of occupational injuries—to the health insurance plan, where expertise would have to be developed. The requirement that each health plan provide a workers compensation case manager simply duplicates services presently provided by the payers for that care and moves this management function to the health plan, which bears no financial risk for medical care or disability.

In addition, Title X arguably would prevent the employer and the state workers compensation agency from questioning whether appropriate medical treatment is being received by an injured employee. This would establish a prohibition that presently does not exist even in states where the employee has the right to initial selection of a physician.

Shifting medical management of an occupational injury from the employer/insurer to the health insurance plan is likely to increase the length of disability (lost productivity) and drive up disability costs. The parties paying for disability, who have a financial stake in an employee's swift return to work, would be restricted in directing treatment toward that optimal outcome. In contrast, a health plan, its providers, and its case manager would have no financial incentive to speed recovery and return to work. This would work to the detriment of both workers and employers.

Unfortunately, Title X's pre-emption of state workers compensation laws dealing with medical treatment would wipe out much of the improvement already achieved in several states through reform. This is especially true with respect to the application of managed care to occupational injury and disease.

Title X also would create a commission appointed from within the Departments of Labor and Health and Human Services to "study the feasibility and appropriateness of transferring financial responsibility for all medical benefits (including those currently covered under workers compensation) to health plans." From statements made by Administration officials, it is clear that this commission is expected to recommend total integration of the workers compensation health benefits financing system into the national health insurance system. Such integration would seriously and adversely affect employer safety incentives by moving workers compensation from an experienced-rated to a community-rated system. The public at large would then have to bear the cost of an employer's unsafe workplace.

This would be a giant step in the wrong direction. Integration would create the wrong financial incentives for health plans to provide the intense and special treatment intended to quickly return an injured employee to work. Also, integration would likely erode the exclusive remedy doctrine, thus flooding the courts with litigation, increasing delivery costs to employers and delaying payment of compensation to injured workers.

Overall, Title X would impose an entirely new, unworkable operating structure on state workers compensation systems. Title X also would increase workers compensation costs. In addition, Title X fails to address many state-specific workers compensation problems. For all of the reasons cited above, the Alliance of American Insurers and our 214 member companies believe that Title X would be bad public policy for both employers and American workers.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. GRAHAM). The Senator from Connecticut is recognized.

UNIVERSITY OF CONNECTICUT NCAA BASKETBALL

Mr. LIEBERMAN. Mr. President, it has been a tough winter of 1994 in the State of Connecticut. The weather has been brutal, too much snow, too much cold. The economy continues not to show as much strength and recovery as we would like, with too many people still out of work.

Mr. President, in the midst of this very difficult winter of 1994, the good Lord has sent the people of Connecticut reason for hope and something to cheer, and I speak of the UCONN Huskies basketball teams. The University of Connecticut women's basketball team is ranked No. 3 in the Nation, and the men's team is ranked No. 4. In the minds and hearts of the people of Connecticut, Mr. President, as you can imagine, these teams are No. 1.

They turned in exemplary performances during the regular season and are now poised to begin pursuing national championships in their respective NCAA tournaments. The women's team begins playing Brown tonight in Storrs, CT. The men's team plays tomorrow at the Nassau Coliseum against Rider.

So the late winter blues have been replaced in Connecticut by the blue-and-

white colors of Huskymania. The UCONN men's team compiled a 27–4 winning record, and the women's team went 27–2. Without a doubt—and I will not require the Presiding Officer to nod or show approval of the statement I am about to make—in my mind, the State of Connecticut has the best one-two basketball combination of any State in the country.

The men's team, in fact, began the season unranked. Yet, they rose quickly, attaining a position of No. 2 in the country at one point. Longstanding records fell in the wake of this powerful team as the regular season drew to a close: They won 16 Big East games. Our great forward Donyell Marshall captured the single-season Big East scoring mark. And the Huskies won the conference by three games, more than any previous Big East champion.

The Huskies also swept the major Big East awards. Coach Jim Calhoun, who is an inspiration as a leader, was voted Big East Coach of the Year and is in serious contention for National Coach of the Year, and he should win it. Doron Sheffer was named Rookie of the Year. All-American Donyell Marshall took home awards for Player of the Year and Defensive Player of the Year and is currently in contention for the Wooden Award and Naismith Award, which goes to the top male player in college basketball. He was also selected for the First Team by the U.S. Basketball Writers Association and, this morning, the Associated Press First Team All-American Team.

The UCONN women's basketball team was ranked No. 3 in the final women's top AP poll.

Led by coach Jeno Auriemma and Big East player of the year, Rebecca Lobo, the champion Huskies parlayed a record of 27 and 2 with no losses, no losses at home, and a No. 1 seed in the east region and in the NCAA tournament.

For the sixth year in a row, the Connecticut women's team earned a birth in the championship tournament, and riding a crest of 18 consecutive victories, they are favorites to bring home a national championship.

Mr. President, these two teams, as so often happened with sports teams, united Connecticut like few events in recent history in our "land of steady habits." Watching the Huskies has become a steady habit we hope we never break.

I wanted today to rise on the floor of the Senate as these two teams begin their participation in the NCAA tournament, hoping that they will both bring home national championships, but regardless of the outcome saying to each and every member of this team and coaches: Thanks for the season you have given us, congratulations on the skills and grace and accomplishment that you have shown, and thanks to those loyal fans of the Huskies who cheered them along every step of the way.

Mr. President, I conclude by simply echoing in this great Chamber the words that now rise mysteriously but thunderously from the State of Connecticut and its 3.4 million citizens, "Go, UCONN Huskies."

Thank you, Mr. President.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I congratulate the junior Senator from Connecticut.

They finally found out that about basketball all these years, but somehow the last weekend a team from the State of Kentucky beat the No. 1 team in the Nation, won the southern conference and is the No. 3 seed in the NCAA tournament. The University of Louisville with Danny Crump won the Metro Conference. In western Kentucky, one small school down in far west Kentucky will be in the Gang of 64.

So I just want to congratulate the Senator from Connecticut and say that we hope that he goes far but not quite as far as he wants, and I think the cap will probably look better at the gymnasium than it would on the Senate floor?

Mr. LIEBERMAN. Mr. President, I thank the Senator from Kentucky for his kind words. We say to him we look forward to seeing him in Kentucky at the final four in Charlotte.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

NORTH KOREA

Mr. McCAIN. Mr. President, we learn today that once again North Korea has violated its international obligations as signatories to the Non-Proliferation Treaty by refusing to allow IAEA inspectors access to critical parts of its plutonium producing facilities. IAEA inspectors left North Korea yesterday after all attempts to complete their mission were denied. The administration's policy of heaping concession upon concession in the feckless hope that our generosity would beget North Korean good faith in meeting its international responsibilities has failed yet again, and failed miserably.

At what point will this administration accept that appeasement of North Korea is a losing proposition? We have canceled joint military operations with our South Korean allies in the face of a massive buildup of North Korean forces along the 38th parallel. Again and again, we have responded to the abundant evidence of Pyongyang's bad faith by holding out the prospect of improved economic and diplomatic relations. The United States has responded to every broken promise, every lie, every threat with the groundless optimism that tomorrow will be a better day. Tomorrow, this lawless, bellicose regime will come to its senses and abide by its international obligations.

What has this shameful failure to confront squarely an immediate threat to our vital national interests earned us? Nothing but the reckless endangerment of 37,000 American servicemen and women who are stationed in Korea.

Nearly 2 months ago, the American commander in Korea, General Luck, requested the immediate deployment of Patriot missile batteries to defend his troops against a North Korean attack. They have yet to be delivered. Why? Perhaps, the administration views even this reasonable precaution to be too provocative a response to North Korean threats.

The administration's policy can be fairly summarized as "walk softly and carry a bundle of carrots." Thus far, it has given North Korea a full year to conduct its nuclear program without interruption. The administration has given Pyongyang every encouragement that it can continue its buildup indefinitely.

What is at the core of this reckless policy? I believe it is an utter failure of nerve; a failure to confront a difficult problem today in the hope that it will simply go away in time. But it will not go away, and the problem we will inevitably confront in the near future will be more intractable and far more dangerous than it is today.

Now is the time to talk quietly but very firmly to Russia and China. The administration has repeatedly assured the Congress that China has cooperated with our efforts to persuade Pyongyang to abandon its nuclear ambitions. But there is not a scintilla of evidence that they have done so. With every North Korean provocation, including yesterday's, Beijing has stated its opposition to sanctions.

We need not issue public threats to China, but we should impress upon them that a nuclear North Korea is not in their interests either. We need not negotiate with China in the press nor rely on public rhetoric to make perfectly clear our insistence on their help.

Quietly, but with unshakable resolve, we should make clear to China's leaders and Russia's that the resolution of this problem is the United States' No. 1 priority. Without their cooperation, the problem will be much harder to resolve, but the United States will resolve it by whatever means necessary. Without their cooperation, it is exceedingly difficult to see under what circumstances the United States could continue to constructively engage China and Russia.

Let me stress again, this is not a message that the United States should send to Beijing and Moscow through the good offices of the New York Times

or the Washington Post. We have already seen how China responds to public threats issued by the United States Government which China judges, with good cause, to be made for the purposes of public and congressional consumption but which are, like so much of this administration's foreign policy, unconnected to any serious intention to act.

Sadly, we have yet to convince even our allies—those allies most threatened by North Korea's nuclear program, South Korean and Japan—that the United States will react with firm resolve to counter the threat from the north. Consequently, even they are reluctant to take the difficult but necessary steps to begin to impress upon Pyongyang that President Clinton was serious when he said he would not tolerate North Korea's possession of nuclear weapons.

The administration still lingers in a seemingly perpetual state of denial that North Korea could respond to our lack of resolve with aggressive hostility. Even today, the Washington Post quotes an administration official's optimism that "it's still possible to salvage the situation by overcoming North Korea's concerns about the inspection." Nonsense.

It is time for North Korea to overcome our concerns or live with the consequences, consequences that will hasten the collapse of that despicable regime, consequences which include but are not limited to the absolute economic isolation of North Korea.

After close, quiet, determined, and successful consultations with China, Russia, South Korea, and Japan, the United States should go to the U.N. Security Council to seek a complete economic embargo of North Korea. Remittances from Koreans living in Japan should stop immediately. The United States should announce that it intends to return tactical nuclear weapons to the Korean peninsula unless North Korea permits all inspections of its nuclear facilities, including two nuclear waste sites, as required under the terms of the Non-Proliferation Treaty.

The United States should begin making all the force improvements necessary to enhance our conventional and rapid deployment capabilities in South Korea. Our forces should be fully ready to repel aggression irrespective of whether North Korea's bellicosity is real or contrived to intimidate this easily intimidated administration. Joint military exercises are a necessary determinant of our readiness, and we should begin planning the resumption of Operation Team Spirit today. Finally, we should make unambiguously clear to Pyongyang that any use of weapons of mass destruction against South Korea will be met with greater retaliation in kind.

Mr. President, the world is an exceedingly difficult and dangerous place. The Clinton administration has avoided facing up to that grim reality in almost every instance where it has been evident. By their negligence they helped to make the world even more dangerous and the United States markedly less secure than it was before they took office. God help us all if the administration does not take immediate steps to reverse its image abroad as vacillating and insecure. let them start in Korea.

As I have in the past when I have addressed the Senate on this subject, I would like to close by paraphrasing Churchill. Let it not be said one day that in a definitive crisis in the post-cold-war world, the United States faced a choice between appeasement and the prospect of war; we chose appeasement first and got war later.

Mr. President, I yield the floor.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I thank the Chair.

(The remarks of Mr. ROTH pertaining to the introduction of S. 1934 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

SAFETY REGULATIONS IN PASSENGER VEHICLES

Mrs. FEINSTEIN. Mr. President, I would like to speak on an incident last week that raises serious questions about national passenger safety standards for motor vehicles.

CRASH INCIDENTS

On March 9, a 1981 Toyota pickup truck carrying 20 people overturned. Twelve people were killed. Eight people were injured.

Of the four people wedged into the cab of the pickup, only the driver survived. Nine of the 16 passengers in the bed of the pickup, which was covered by a camper shell, were killed.

Among the seven men and five women who died was a pregnant woman.

The 16 people crammed into the back of this pickup were not required under California law to wear seatbelts because the pickup truck was covered by a camper shell.

In October 1993, a 16-year-old was killed in the Daly City area when a half-ton pickup truck with 10 other young people overturned.

In July 1993, seven young passengers in the bed of a pickup were killed when an alleged drunk driver lost control of his car in Commerce and struck the pickup truck. The victims in the pickup, six males and a female ranging in age from 14 to 20, were returning to the San Gabriel Valley from an outing to the beach. There were only two survivors.

That same month, a teenager died in a traffic accident after a pickup truck rolled over three times, throwing him from the truck bed onto a road in Santa Ynez. The two passengers in the vehicle, both of whom were wearing seat belts, survived the accident.

In June 1993, two teenagers were killed as a pickup carrying teenagers from a graduation ceremony crashed in Oxnard.

In September 1991, two teenage boys were killed and two others injured when a pickup overturned on a curve on Moreno Boulevard in Lakeside.

STATE STATISTICS

According to California Highway Patrol statewide statistics, 144 people who were riding without restraints in truck cargo areas were killed in accidents between 1989 and 1992. Another 3,600 were injured in that period.

STATE LAWS

On January 1, 1993, a new law took effect that allowed police, sheriff's and California Highway Patrol officers to pull over motorists for not wearing seatbelts in passenger cars. The first offense brings a $22 fine. The second brings a $55 fine.

California has required motorists to wear seatbelts since 1986. The only real change that occurred in 1993 is that motorists can be pulled over and ticketed simply for not wearing their seatbelts. Previously, officers had to have another reason for stopping a car.

At this point, California law only required that children under the age of 12 be accompanied by an adult when riding in the back of a pickup truck. Ironically, more restrictive laws applied to animals—as a result, animals must be restrained when in the back of a pickup according to a law passed in 1987.

Beginning on January 1, 1994, the California law was expanded. CHP officers began citing motorists and passengers who ride in the beds of pickup trucks without seatbelts. Passengers may only legally ride in the backs of these trucks if they are strapped in by a lap belt attached to a seatbelt bolted into the bed.

But, yet another tragedy has shown that the California laws are inadequate. Twelve people died last week when the pickup truck careened off the road—and no California or Federal law prevented the 20 people from cramming into the vehicle. A loophole in the California law means that anyone who rides in a pickup with a camper shell is exempted under the law.

FEDERAL STANDARDS

The issue of seatbelt safety is not new to the Federal Government. As of September 1, 1989, all new passenger cars produced for sale in the United States are required to be equipped with restraints—either seatbelts or airbags. According to the Department of Transportation, about 4,575 lives were saved in 1989 as a result of the seatbelt use.

Yet, there remains a great deal of leeway in minimum safety standards adopted by States.

I believe it's time to set a minimum national standard of safety for passenger vehicles—cars, pickup trucks, minivans, vans, and the increasingly popular jeeps.

According to a report received from the American Automobile Manufacturers Association, truck sales represent one of the fastest growing segments of the American automobile industry. From 1992 to 1993, there was a 16-percent increase in truck sales in the United States.

Such minimum national standards could prevent anyone riding in the back of a pickup truck without a seatbelt. Such standards could apply the same safety regulations to passenger vehicles and to minivans and jeeps that are now so popular.

National standards could prevent loopholes like the one in California where simply because the pickup had a camper shell, the laws did not apply.

Once minimum national standards are set, I believe the Federal Government should withhold Federal transportation funds from States that do not impose these standards within a reasonable period of time.

Never again should the people of this country witness the tragedy and destruction when 12 people die in a single car accident.

TRIBUTE TO JOHN LINDAHL

Mr. MATHEWS. Mr. President, I rise today to pay tribute to John Lindahl, who was honored recently as the recipient of the 1994 International Commerce Award, presented by sister cities of Nashville. Mr. Lindahl is the chairman and chief executive officer of State Industries, Inc., of Ashland City, TN.

Mr. Lindahl's company, founded by his father, began manufacturing coal and wood burning heating and cooking stoves in 1946. Two years later, the company began manufacturing water heaters. Today, it is the world's largest water heater manufacturer with more than 1,800 employees.

State Industries has been an integral part of the foundation of Tennessee's manufacturing base for nearly 50 years. Under Mr. Lindahl's stewardship, and through his foresight and vision, State Industries has prospered and flourished.

From its humble beginnings, State Industries' commitment to quality and excellence in manufacturing coupled with its dedication in keeping the needs and concerns of its customers first, has set a high standard which has contributed to its success.

Mr. Lindahl can take great pride in his outstanding career as an enterprising and skillful entrepreneur, whose company has contributed much to the community, the region, and our Nation.

Today, State Industries is a key player in manufacturing in the world marketplace, due in no small measure to Mr. Lindahl's leadership and commitment to growth and excellence. He is to be commended for his achievements and congratulated on receiving this well deserved award.

OUTRAGEOUS EXAMPLE OF BUREAUCRATIC ABUSE

Mr. D'AMATO. Mr. President, I rise to call attention to one of the most outrageous examples of bureaucratic abuse I have seen during my time in the Senate.

The big brother in this instance is the Federal Communications Commission. The manner in which this agency has dealt with one of my constituents, Infinity Broadcasting Corporation, is simply unacceptable. It is a situation that everyone who respects our first amendment freedoms and due process in administrative proceedings must be concerned about.

Infinity Broadcasting Corp. is a publicly traded New York company, and is the country's largest company whose business is owning and operating radio stations. They have been in the business for 20 years. Upon completion of pending acquisitions, they will own 25 radio stations in 13 major markets, including stations in every one of the top 10 markets. There are many diverse formats on these stations, including rock, country, oldies, all talk, and all sports.

This sorry situation that I bring to the Senate's attention involves a recent attempt by Infinity to purchase a Los Angeles radio station.

According to news reports, the Commission held up that sale because it did not like the content—the content—of one of Infinity's programs. It apparently did not matter to the FCC that the program in question would not even air on the station Infinity wanted to purchase.

The FCC clearly does not like this program. It is the "Howard Stern Show." The program is not everyone's cup of tea. I have been on it. I like Howard. He is a friend. But I know some people get offended by some of the things he says on it. That is OK. That is their right. This is the United States of America, and if they do not like it, they can turn it off or turn the dial. They can even boycott it. They can boycott the sponsors who put it on. That is their right.

I am not here to debate the merits of Howard Stern. If you like him, you like him; if you do not, you do not.

But what I do know is if the Federal Communications Commission or any citizen in America thinks that what Howard Stern or anyone else says on the air is indecent, they can file a complaint. There are procedures for adjudicating these complaints. And that is the way it should be. If Howard Stern or Infinity or anyone else breaks the law, they should be punished.

That is not what has happened here, though. And that is what bothers me greatly.

What happened here was, because the Federal Communications Commission did not like this particular show, the Commission took revenge on Infinity, the entire corporation—a publicly traded company with thousands of shareholders—by holding up the sale of the Los Angeles station to Infinity.

A sale like this usually requires a 60-day turnaround at the Commission. This one has taken 271 days so far, and still has not been resolved.

In fact, one Commissioner this past New Year's Eve, Commissioner James Quello, told the New York Times that the Infinity KRTH acquisition would be delayed indefinitely because he claimed the Commission disapproved of Mr. Stern. As it turned out, the New York Times never checked with the other two Commissioners who, the following week, repudiated the story and said that Commissioner Quello did not speak for them.

But the harm had already been done. As this one Commissioner must have known, the Infinity stock price had dropped $200 million, about 1 percent of its value, over 3 trading days, and Infinity was forced to pay millions more in penalties for the delay in completing the purchase of the Los Angeles radio station.

If a member of the Federal Communications Commission feels the content of a show is indecent, there are steps, there are procedures that can and should be taken. That is OK. Those ways protect the basic first amendment principles and the due process rights contained in the Communications Act and the FCC's own internal proceedings.

Maybe this case got a lot of publicity because it involved a controversial entertainer. But precisely because it did involve controversy, the constitutional concerns become even more real. After all, often the law is not made in cases involving the most perfect of parties. The Constitution was written to protect all the different voices in the marketplace of ideas.

The way I read the first amendment, a dislike or disagreement with content is clearly not sufficient to punish Infinity in its other unrelated business dealings. But here the Commission did just that.

The Infinity case highlights an impermissible joining of two FCC proceedings that, as I understand it, are supposed to be kept separate—the sale of a broadcast license and the issuance of notice of apparent liability, which is the Commission process for adjudicating indecency complaints. That this improper joining occurred over the enforcement of the indecency standard is particularly troubling.

The FCC needs to be particularly careful in this area, in light of the due

process principles and the first amendment concerns articulated by two unanimous DC Court of Appeals decisions.

In both decisions, the court struck down the foundations of the FCC's enforcement scheme, which should tell it something. While four notices have been issued against Infinity, it is my understanding that Commission issuance of such a notice of apparent liability, along with a proposed fine to a broadcaster, does not constitute any determination that there has been a violation of the indecency standard. The Commission has found Infinity violated the indecency standard only once, and it issued a $6,000 fine for that one broadcast, 4 years ago. The other cases are still pending at the FCC.

Infinity has not yet been able to challenge the $6,000 fine in court, which it has told the FCC it intends to do. In each case, Infinity has denied any violation.

It is these nonfinal notices of apparent liability that the FCC is using for proposing unprecedented fines, now totaling over $1 million. According to news reports, and this gets to the heart of what is wrong, the Commission has also used these same nonfinal notices as its basis for delaying Infinity's purchase of new radio stations.

This appears to be in direct contravention of section 504(c) of the Communications Act, which provides basic due process guarantees to each licensee. Section 504(c) states:

> In any case where the Commission issues a notice of apparent liability looking towards the imposition of a forfeiture under this chapter, that shall not be used in any other proceeding before the Commission to the prejudice of the person to whom such notice was issued, unless, 1, the forfeiture has been paid or, 2, a court of competent jurisdiction has ordered payment of such forfeiture and such payment has become final.

The Commission has violated this procedure.

There is no final court order on the indecency cases. Yet the Commission is using these cases as a basis for delaying the acquisition of another station. This is one of the most blatant examples of the abuse of regulatory power, arrogance, and, yes, regulatory lawlessness, that I can remember.

Deliberately delaying a decision on an acquisition because of a nonfinal notice of apparent liability is in direct violation of section 504(c) of the Federal Communications Act, which was passed by Congress specifically to ensure this due process rights of licensees are protected. Should an FCC Commissioner be allowed to make his decision above the law, how can we demand licensees follow the law, if the FCC does not adhere to the law?

The Federal Communications Commission has an obligation to comply with the direction of the Federal courts, and abide by the requirements of the Communications Act and the first amendment. It is that simple.

If one or more Commissioners believes an indecency standard has been violated, there are administrative procedures for adjudicating such complaints. But they may not use their personal reactions or incomplete enforcement proceedings to penalize program content or to impede or delay a company from doing business and acquiring new broadcast properties. Yet that appears to be precisely what has happened here.

This is a particularly worrisome form of administrative browbeating. If it can be done to Infinity because of one show it can be done to any other company tomorrow, based on the content of a different program with which the commission does not agree.

Maybe tomorrow it is Rush Limbaugh, or G. Gordon Liddy, or maybe Jerry Brown or Lynn Samuels or even some of my colleagues who offer commentaries. Who knows who it will be?

I do not like some of the things I hear on the radio but that does not matter because, you see, this is the United States of America. People have a right to make their opinions known.

So where do these people at the Federal Communications Commission get off doing this? I find myself agreeing with a newspaper I do not often agree with. As the Washington Post stated in a recent editorial re the Infinity case:

> The Infinity-Stern case points up a dangerous aspect of government using its licensing and regulatory powers on a part of the press to try to force changes in editorial content.

Censorship is arbitrary and Congress should start thinking hard about getting Government out of it.

I ask unanimous consent this editorial be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. D'AMATO. That is exactly right. It will be a sad thing if the Congress of the United States has to get involved in setting straight something that is so basic.

Mr. President, Commissioner Quello has seen fit to impose his standards of conduct in an area where it is totally inapplicable. I hope the other Commissioners would not give way to this kind of blackmail. Because that is exactly what it is. No one, whether we agree with him or not in terms of how he presents himself editorially, should be subjected to the kind of situation we have here in this case. So it is by way of my taking to the floor, I hope we would send a warning to the Commission that we are looking, that we are concerned, and that they have abused power in the most arbitrary of ways. That is not their right.

Indeed, they violate the very protections that they should be providing for all. Free speech should not be abridged because one man does not like the commentaries or the programming that he sees.

I yield the floor.

EXHIBIT 1

[From the Washington Post, Jan. 15, 1994]

THE HOWARD STERN CASE

Federal Communications Commissioner Andrew Barrett and a source close to Commissioner Ervin Duggan have told Post staff writer Paul Farhi that no, there has never been any agreement to delay or block the purchase of three radio stations by Howard Stern's employer, Infinity Broadcasting Corp. That's good—because there has never been any justification for doing so. In fact there is no justification for what the FCC has done to Infinity already—which has been to hit the company with more than $1.2 million in fines for alleged violations by Mr. Stern of FCC strictures on "language that describes in terms patently offensive as measured by community standards . . . sexual or excretory activities or organs." As Nicholas Lemann wrote on the opposite page Thursday, the whole Infinity-Stern case points up a dangerous aspect of government using its licensing and regulatory powers on a part of the press to try to force changes in editorial content.

What the commission has been doing—and the possibility that it could still move to wreck a $170 million purchase because of what Howard Stern says on the air—is censorship. Though access to the broadcast airwaves is limited and therefore has been treated as a matter for close government regulation, the enormous growth in available television channels for programming, as well the proliferation of radio stations, makes an even stronger case against the old programming requirements that the FCC made up in the name of "fairness" and "diversity" in program content.

Mr. Stern's program can hardly be described as everyone's idea of acceptable entertainment to put it mildly—but the same could be said about many other talk shows that are readily available on the air at any time of day. Censorship is arbitrary, and Congress should start thinking hard about getting government out of it.

Commissioner Duggan has said that "the idea that we are just sitting on" Infinity's applications to buy stations "is just not accurate. It's premature to say we are blocking the purchases." It shouldn't even be premature. The FCC should make it dead wrong.

NORTHERN STATE UNIVERSITY BASKETBALL

Mr. PRESSLER. Mr. President, my colleague from Connecticut, Senator LIEBERMAN, earlier this morning signaled the start of March madness—the annual NCAA countdown to the final four. I wish good luck to all my colleagues with teams in the tournament. However, I would like to point out that there is great basketball outside the NCAA. In my home State of South Dakota, I am proud to boast of the NAIA Division II women's basketball national champion team.

Congratulations to the Northern State University women's and men's basketball teams. Last night, both teams played in the NAIA Division II National Championship. The women's

team triumphed over Western Oregon 48 to 45. This was the Lady Wolves third trip to the finals in 3 years and their second national title. Northern State's Paula Stolsmark of Pierpont, SC was named tournament MVP. The Lady Wolves boast the longest winning streak in the Nation with 32 wins to their credit.

The Northern men play in the championship game for the second year in a row. After a valiant rally, tying the game in the final minutes and sending the game into overtime after being down by 18 points in the second half, the men fell 98–95 to Eureka College of Illinois. Eureka's coach, Dave Darnall, will retire after 20 years with a national championship. I understand the Eureka team had a secret weapon—a message from President Ronald Reagan, an alumnus of Eureka College, who not only told them "to win one for the Gipper" but also offered his services in the game as "a healthy, feisty, and very mature right guard."

Before the championship game last night, my friend Senator SIMON and I made a little wager on the outcome. So in tribute to the national champion Eureka College Red Devils and in payment of my bet with Senator SIMON, I will now read the Eureka school song:

EUREKA COLLEGE ALMA MATER

'Neath the elms upon the campus, glorious to view, stands Eureka Alma mater, faithful, tried and true.

Lift the Chorus, speed it onward, Ne'er our voices fail! Praise to thee, O fair Eureka, praise to thee, all hail!

Three Northern State players were honored with berths on the NAIA all-American team: Julie Jensen of Langford, SD, Eric Kline of Aberdeen, SD, and Kevin Burckhard of Lakota, ND.

Lady Wolves Coach Curt Fredrickson deserves much credit for leading his team to a superb 32–1 season and three visits to the national championship game in 3 years. Curt was honored as NAIA Coach of the Year in 1992. Assisting Curt is Neil Chalmers. Bob Olson, coach of the Wolves, also has done an outstanding job with his team. He is assisted by Tim Miles, Brad Christenson, and Mike Hultz. I look forward to following the teams during next year's season. I know the NAIA has not heard the last of the Northern State University Wolves and Lady Wolves.

I also commend Northern State University president Dr. John Hutchinson, director of athletics, Dr. James Kretchman, as well as the entire staff and student body for supporting and encouraging excellence in both academics and men's and women's athletic programs.

In tribute to the national champion Lady Wolves and Northern State University, I now will read the Northern State University fight song:

Up, Northern Wolves! Up, Northern Wolves!
We are for you every day.
Our hearts are true! Smile down on you!
As we go cheering, cheering on our way.
Oh watch that sign! Come, hit that line!
Move along and lose no time.
We're on our way: Hip, Hip, Hooray!
We're cheering for you today!

I ask unanimous consent to place in the RECORD articles on these championship basketball games from the Aberdeen American News. I also ask unanimous consent that the team rosters of the Northern State University women's and men's basketball teams appear in the RECORD following my remarks.

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

[From the Aberdeen (SD) American News, Mar. 16, 1994]

STOLSMARK SPARKS WOMEN

(By Matt Schmidt)

MONMOUTH, OR.—The last time the Northern State women's basketball team had one senior it won the NAIA Division II national championship.

That happened again Tuesday as Paula Stolsmark sank four foul shots in the final 14 seconds to lift NSU to a 48–45 win over Western Oregon State for the school's second national title in three years.

Stolsmark, the tournament's most valuable player, stole the ball from WSOC's Julie Miller and sank a layup to tie the game at 42 with one minute and 24 seconds left.

Julie Jensen, who had a game-high 19 points, sank two foul shots with 51.8 seconds left to give NSU a 44–42 lead. Western Oregon State's Lorrie Emery missed and NSU rebounded. Stolsmark was fouled with 13.9 seconds left. She hit both shots to give Northern a 46–42 lead.

Emery then sank a three-point shot with just over four seconds left to make it a one-point game, 46–45. NSU inbounded the ball to Stolsmark who tucked the ball away and stood in the corner.

Miller fouled Stolsmark and after an NSU time-out, Stolsmark hit two foul shots with 1.1 seconds on the clock to clinch the win. Miller's three-point heave at the buzzer was short and to the right.

"It was a tough, physical game and I think we responded well to the pressure and shot our free throws," said Jensen. "It was good we practiced those a lot earlier today.

"If I got the shot and it looked like it would be a good one, I shot it with a lot of confidence," continued Jensen. "I thought about shooting free throws in practice. I was 2-of-6 yesterday, and today I shot them like I usually do."

Jensen made all seven of her free throw opportunities.

Stolsmark sank her last four after missing her first two.

"Neil (Chalmers, a NSU student assistant coach) and I were talking on the way back today (from practice) about what it would be to be the person at the line in the last 10 seconds of the game," said Stolsmark. "Neil said 'If you make the first one, the second one will be a lot easier but if you miss the first one, you'd be kicking yourself.'

"I told him leaving the huddle I was going to make them and I did," continued Stolsmark about the free throws with 13.9 seconds left. "Then I wanted the ball when we inbounded it. I just tucked it away and waited to get fouled."

Stolsmark did, and sank two more foul shots. But the key might have been her steal and layup.

"Like I always play, I went for it all," said Stolsmark. "Coach (Curt Fredrickson) didn't say anything about picking anybody up and I just decided to go for it. I wanted to go out with a bang.

"I think she was going to try to go by me and reverse pivot," she said. "I just got lucky enough to get a piece of the ball when I stuck my hand out."

"There couldn't have been a better person to win the most valuable player award than Paula," said Fredrickson. "She had a great career for us and has been a great example for our basketball program.

"You have to gamble a bit in games like this," continued Fredrickson. "We wanted to pack it in and make the Emery's and (Molly) Duggan work hard for their shots. I thought Nancy King's defensive job on Duggan was outstanding. Nancy didn't score a basket the whole game but worked Duggan hard. She did the defensive job we needed to win."

Western Oregon State's Pam Emery won the hustle award. THe first-team all-tournament selections were: Stolsmark, Panhandle State's Vernetra Allen, Concordia's Livija Medne, Mount Mercy's Peg Loecke, and WOSC's Lorrie Emery. The second team selections were: Jensen, Evangel's Katarzyna Dydek, Shawnee State's Jenni Wessel, Wilmington's Jenny Asbury and WOSC's Molly Duggan.

[From the Aberdeen (SD) American News, Mar. 16, 1994]

NSU MEN LOSE IN OVERTIME

(By Eileen Briesch)

NAMPA, ID.—So close.

Northern State came within one shot of another overtime period, one more chance to try to overtake Eureka College for a national title.

But when Chad Boekelheide's bomb bounced off the front of the rim, the Wolves' dream of an NAIA Division II championship died as Eureka won a 98–95 overtime thriller Tuesday night.

As Eureka fans mobbed their team and coach Dave Darnall, who will retire after this game, Kevin Burckhard of Northern State gathered the Boekelheide twins in his arms like a protective father trying to shield the boys from the pain.

Coach Bob Olson's tears welled up from the emotional upheaval at the loss. "We've got a gutsy bunch of kids. It's been like that all year," he said, holding the runner-up trophy, the second straight such trophy the Wolves have received. "I can't say enough about our kids."

The Wolves battled back from a 19-point deficit early in the first half and pulled within 14 at halftime. They kept chipping away and chipping away, using pesky defense to turn back the Red Devils' seemingly unstoppable shooters.

"We just kept believing in each other. We've been doing that all year," said Eric Kline, one of two Northern State players named to the all-tournament team. Senior forward Kevin Burckhard also received all-tourney honors.

And then it came down to Kline, whose shooting had been off earlier. The 6-foot-1 junior from Aberdeen knocked down the three-pointer with 11 seconds left to tie the game at 87.

"I was hoping to get one of those shots. I like to be in that kind of place," said Kline. "And Buck (a Boekelheide twin) made a good pass to me."

Eureka could not get a shot to fall in the last seven seconds and the overtime was necessary.

That gave the Wolves new life. "In overtime I thought we were going to win," said Olson. "We got a good lead but they hit the big three, a huge three. We came down and executed well but couldn't get anything."

That three-pointer was made by tourney Most Valuable Player Chris Peterson. Peterson, who had a game-high 36 points, then knocked down four straight free throws to seal the victory.

"I just blocked out everything. I acted like it was practice and blocked out the fans," said Peterson, a championship cap perched on his head. "I don't think any of us are tired. we're going strictly on adrenalin out there."

Peterson said the five senior starters had hoped to give their retiring coach the championship as a going away present. "Coach had a great career. With our five senior starters, it was the one thing we wanted him to have," he said.

"But that Northern State, they're one heck of a team. they hit some big threes and played good defense against us. It's too bad somebody had to lose this game."

Kline was philosophical about the loss. "We got here last year and fell short and then it happened again this year," he said. "We played hard, we did our best, and that's life. We have to move on."

[From the Aberdeen (SD) American News, Mar. 16, 1994]

KLINE, BURCKHARD ON ALL-AMERICA

(By Elleen Briesch)

NAMPA, ID.—Northern State players Eric Kline and Kevin Burckhard were named to the first team NAIA All-America team Tuesday.

Kline, a 6-foot-1 junior, averaged 27.7 points per game during the season and 27.5 points per game in the NAIA Division II men's basketball tournament.

Burckhard, a 6-foot-7 senior from Lakota, N.D., averaged 17.4 points and 10.2 rebounds during the season for the Wolves, but really made a difference in the tourney. In the national championship tournament, he averaged 21.5 points and 14.7 rebounds. He ranked second in rebounding in the tourney.

Also named to the first team were Chris Eaton of Eureka, (Ill.) College; Rafid Kiti, Oregon Tech; Matt Stuart, Caldwell; Mark Davidson, Trinity; Raymond Alley, Husson; Craig Douma, Northwestern (Iowa); Derek Foster, Lewis & Clark; and Sean Walker, Tarleton State.

Joe Divis of Black Hills State earned third-team honors while Stacy Koolstra of Sioux Falls College received honorable mention.

[From the Aberdeen (SD) American News, Mar. 16, 1994]

STOLSMARK EARNS WOMEN'S MVP HONOR

(By Matt Schmidt)

MONMOUTH, OR.—After taking second place at the 1993 NAIA Division II national tournament and second as teammates at Langford High School, Paula Stolsmark and Julie Jensen walked away as champions.

Stolsmark, a Northern State senior from Pierpont, was the tournament's most valuable player as the Wolves picked up a 48–45 win over Western Oregon State Tuesday night.

The win gives the Wolves their second national title in three years.

The two were teammates at Langford High School and were the State B runners-up there during Stolsmark's senior year, 1990.

"I thought about that before we played tonight," said Jensen. "We've been second a lot of times and I didn't want to be second again. I wanted to finish first.

"We seemed to be stuck at second in high school," continued Jensen, who had a game-high 19 points in the championship.

Jensen was happy to see her long-time teammate walk away from the basketball court with a championship.

"I'm just so happy for Paula," said Jensen. "This is the best way for her to go out and get the MVP. I couldn't be any happier for her."

Stolsmark finished the tournament with 12 steals.

"I can't think of any better way to go out with a better group of friends," she said. "I don't think we would have been happy taking second. I tell you what, I couldn't be happier than I am right now."

And it came down to a pair of former Langford High School players to clinch a national championship for NSU.

[From the Aberdeen (SD) American News, Mar. 15, 1994]

WOL'VES' JENSEN IS ALL-AMERICA CHOICE

(By Matt Schmidt)

MONMOUTH, OR.—For the second straight season, Northern State's Julie Jensen is a first-team selection on the NAIA Division II All-America team.

Jensen, a 5-foot-11 junior forward from Langford, was one of three returning selections on the 10-member first team announced Monday. The NAIA Division II men's All-America team will be released today.

Nine of the 10 players listed on the first team are members of teams in the NAIA Division II national tournament.

Jensen was the lone Northern State representative on the All-America selections for first team, second team or honorable mention.

The rest of the first team is: Jenny Asbury, Wilmington, Del.; Kayarzyna Dydek, Evangel, Mo.; Lorrie Emery, Western Oregon State; Kathy Gibson, Lewis & Clark, Ore.; Janet Gribnitz, University of Dallas; Rhonda Lelnius, Mary, N.D.; Livija Medne, Concordia, Wis.; Amy Ochsner, Hastings, Neb.; and Jenni Wessel, Shawnee State, Ohio.

Second team selections are: Tamir Anderson, Peru State, Neb.; Kaelie Butler, Tarleton State, Texas; Nicole Clerver, Findlay, Ohio; Tamara Kindrick, Georgetown, Kent.; Jennifer McClure, Whitman, Wash.; Peg Loecke, Mount Mercy, Iowa; Rhonda Morgan, Dakota Wesleyan; Sharon Rines, St. Joseph's, Maine; Leslie Wade, Marion, Ind.; and Nicole Whitney, Southern Oregon State.

NORTHERN STATE UNIVERSITY WOLVES MEN'S BASKETBALL ROSTER

Wh.	Name	Pos.	Ht.	Yr.	Hometown
00	Destin Coles	G	6–0	FR	Valley City, ND.
3	Brian Groff	G	5–10	SO	Clara City, MN.
5	Paul Sather	C	6–7	SR	Princeton, MN.
10	Jared Vergeldt	F	6–5	FR	Aberdeen, SD.
12	Brad Neugebauer	F	6–5	FR	Parkston, SD.
13	Corey Stephens	F	6–4	SO	Burlington, IA.
14	Scott Boekelheide	G	6–0	JR	Northville, SD.
15	Kevin Costain	C	6–10	FR	Baltic, SD.
20	Chad Boekelheide	G	5–11	FR	Northville, SD.
22	Jamie Liudahl	G	5–9	FR	Pierre, SD.
24	Lance Luitjens	G	6–2	SO	Custer, SD.
30	Ryan Johnson	F	6–2	FR	Pierre, SD.
32	Chad McGough	F	6–5	SO	Miller, SD.
34	Matt Clooten	F	6–7	SO	Beulah, ND.
40	Nate Streed	F	6–5	SR	Chaska, MN.
42	Eric Kline	G	6–1	JR	Aberdeen, SD.
44	Mark Sipple	C	6–8	JR	Shoreview, MN.
50	Jeremy Vliem	F	6–8	FR	Lodge Pole, SD.
52	Kevin Burckhard	F	6–7	SR	Lakota, ND.
54	Al Hansen	C	6–8	JR	Prior Lake, MN.
	Jerrod Becker	C	6–7	FR	Omaha, NE.

NORTHERN STATE UNIVERSITY WOLVES MEN'S BASKETBALL ROSTER—Continued

Wh.	Name	Pos.	Ht.	Yr.	Hometown
	Troy Kurth	G	6–2	FR	Langford, SD.

Head coach—Bob Olson.
Assistant coach—Tim Miles, Brad Christenson & Mike Hultz.

NORTHERN STATE UNIVERSITY WOLVES WOMEN'S BASKETBALL ROSTER

Wh.	Name	Pos.	Ht.	Yr.	Hometown
10	Renae Osthus	G	5–3	JR	DeSmet, SD.
12	Roberta Sparling	G	5–6	FR	Athol, SD.
14	Wanda Radel	G	5–6	SO	Parkston, SD.
20	Melissa Schott	G	5–9	FR	St. Charles, MN.
22	Sara Struzyk	F	5–10	FR	Holdingford, MN.
24	Rachel Dick	G/F	5–9	FR	Marion, SD.
30	Chris Swanhorst	F	6–0	FR	Mellette, SD.
33	Paula Stolsmark	G	5–8	SR	Pierpont, SD.
34	Jenny Seesz	G	5–9	JR	Montevideo, MN.
40	Sara Brooks	F	5–10	FR	Chamberlain, SD.
41	Toni Schmidt	G	5–10	FR	Miller, SD.
42	Julie Jensen	F	5–11	JR	Langford, SD.
43	Barb Johnson	F	5–9	JR	Mound City, SD.
50	Rachelle Lesnar	F	5–11	FR	Roslyn, SD.
52	Nancy King	F/C	6–0	JR	Blunt, SD.
53	Stephanie Franzen	F	5–11	JR	Langford, SD.
54	Amie Kiehn	C	6–6	SO	Chamberlain, SD.
55	Shari Carney	C	6–1	FR	Hayti, SD.

Head coach—Curt Fredrickson.
Assistant coach—Neil Chambers.

NORTHERN STATE UNIVERSITY COACHES

BOB OLSON

Bob Olson's journey to the NSU head job seemed destined by location and circumstances. An Aberdeen native, Olson attended Northern State and played collegiate basketball for Coach Wachs. Olson earned a bachelor's degree from Northern in 1977 and moved to Mayville State University where he served as an assistant coach to Pierre duCharme, Olson's high school basketball coach.

A job in the NSU Admissions Office brought Olson back to Aberdeen, the men's basketball program, and Coach Wachs. Olson assisted Wachs with the Wolves' basketball squad while earning a master's degree from Northern in 1980. Next, Olson spent two years at Aberdeen Roncalli High School and coached the boys' basketball team to a 27–13 record and a conference title. Olson moved across town to the NSU campus in 1983 and coached the women's basketball team for two seasons. He established a 44–10 record, won a district title, and was named NAIA District 12 Coach of the Year.

When Coach Bob Wachs retired after more than 30 years and more than 500 wins, Olson was selected as NSU's 15th basketball coach.

After three transition seasons, Northern State basketball began a return to the forefront of District 12. The 1988–89 squad played in the district championship game and the following season, Northern again returned to the district finals but this time the Wolves won the championship crown and advanced to the NAIA National Basketball Tournament in Kansas City, Mo. Olson was named the District 12 Coach of the Year.

In 1990–91, NSU won repeated as district champions and returned to the national tournament. This time, the Wolves advanced to the round of sixteen before losing by one point to Taylor University. Olson was named Coach of the Year by the district, the conference and NAIA Area III.

In 1991–92, the Wolves' season ended with a semi-final loss to Dakota State. Last season, NSU reeled off 18 consecutive wins to begin the season and claimed the NSIC title. Olson was named the conference Coach of the Year. The Wolves claimed the district crown with victories over Sioux Falls College and Black Hills State and Olson was named the district coach of the year for the third time.

The Wolves won their first three games in the national tourney in Nampa, Idaho. In a hard-fought championship game against Williamette College, NSU lost for just the second time all season. Olson was named the NAIA II Coach of the Year by the Basketball Times.

Bob and his wife, Cheri, are the parents of one girl, Stephie.

CURT FREDRICKSON

Curt Fredrickson and the Northern State University women's basketball program are combining forces for the 15th time and there is one thing they have never done—finish the season with a losing record.

An Aberdeen native, he attended Northern State where he was an NAIA All-American in baseball and honorable mention All-American in football. After graduating in 1974, he taught at Canton High School. He returned to Northern in 1976 to work on a master's degree. Fredrickson finished in 1977 and was named the women's basketball coach that fall.

The Wolves have played in three national tournaments winning the national title in 1991–92, finishing second last season and claiming third in 1980–81. During Fredrickson's tenure, NSU has collected two district basketball championships, and two first-place and four second-place finishes in the Northern Sun Intercollegiate Conference. The Wolves finished the 1980s with eight 20-win seasons. The other two years, NSU recorded 19 victories.

Fredrickson spent two years in private business before returning to Northern State University in 1985. In 1987–88, the Wolves were a record-setting 28–3, won their first-ever conference title, and finished second in the district.

NSU went 20–8 in a rebuilding season in 1988–89 and followed that up with 24–7 and 25–6 seasons. The 1991–92 team won a national championship and established a new school record for most wins in a season with its 30–4 mark. Despite a loss to Northern Montana in the district championship game, NSU advanced to the national tourney in Monmouth, Ore., with an at-large berth.

With four returning starters, Northern State set out to defend its national crown in 1992–93. A fourth consecutive loss to Northern Montana in the district finals robbed the Wolves of a district crown but NSU received another at-large berth to nationals. The Skylights and Wolves met up in the championship game with Northern Montana continuing to defeat the Wolves. The second-place finish marked the second time in two seasons that NSU advanced to the title game at nationals.

Last season, Fredrickson was the NAIA's sixth winningest active women's basketball coach in winning percentage. He wins 81 percent of his basketball games. He also was ranked ninth nationally in number of career wins with more than 300.

Fredrickson has been named the NAIA II National Coach of the Year in 1992 and has received additional coach of the year honors from the South Dakota Press Association, Royal Order of the Gyps, and NAIA District 12 three times. In 1992 he was inducted into the NSU Athletic Hall of Fame.

Curt's family includes his wife, Vicki, daughter Lindsey and two boys, Cole and Blair.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The Senator from Wisconsin is recognized.

Mr. KOHL. I thank the Chair.

TELEPHONE PRIVACY

Mr. KOHL. Mr. President, I rise today to praise an action taken by the FCC. Its order on Caller ID, which requires per call blocking, will ensure that consumers nationwide retain at least a moderate amount of telephone privacy.

In 1989, the Subcommittee on Technology and the Law opened the book on a new issue: Caller ID and its varying consequences. And while we thought the development of this new technology could lead to real benefits, some of us were aware that, if left unregulated, Caller ID had the potential to invade our privacy. Back then, we were among the lonely few. But 5 years of persistence has brought our view today to the majority. And last week's FCC action brings us closer to the final chapter of this story.

This ruling was crucial because unregulated Caller ID would invade our privacy and reduce our rights. People should be able, for example, to call a crisis hotline, a business, or even the IRS to ask for help without having their numbers displayed. Forcing people to display their numbers every time they make a call, in my view, is really undesirable.

Fortunately, there is a simple way to realize the benefits of Caller ID while avoiding its potential problems: Simply let consumers decide when they want to reveal their phone numbers and when they do not. The technology gives us this choice. Per call blocking allows anyone to press a few digits on the phone and block the display of their number. And with this option, people can display their numbers when calling friends and family, but they can keep their phone number confidential whenever they want.

Recognizing that blocking was necessary to ensure privacy with Caller ID, I introduced the Telephone Privacy Act in 1989 and again this year with Senator BROWN. Although we have yet to turn our legislation into law, our bill has nevertheless provided the spark for State legislatures and Governments to act.

Indeed, over the last few years, most States have come around to our position; 37 States now require companies offering Caller ID to offer free per call or per line blocking. And last week, as I mentioned, the FCC ruled that telephone companies should provide Caller ID blocking for interstate calls.

The FCC has also made it clear that companies providing 800-number and 900-number service cannot reuse or sell callers' telephone numbers to third parties unless callers give their consent. This was also a key component of the Telephone Privacy Act.

As a result, the FCC ruling helps protect the privacy of callers nationwide. It moves Caller ID technology toward a uniform Federal standard rather than a patchwork of inconsistent State laws. It basically does by regulation what we have tried to do by legislation. The FCC action does not cover calls made within individual States but almost every State has looked at Caller ID by now and has proposed blocking. We are glad to share the credit with State legislators and Federal regulators.

Though this ruling has many positive implications, there are still serious questions about the legality of Caller ID. Most experts and some State courts have concluded that Caller ID is an illegal trap and trace device.

So we still need to ensure the legality of Caller ID, and I will work to have that done this year.

In sum, Mr. President, the FCC action helps us expand use of Caller ID nationwide while protecting the privacy rights of individuals. We still need to clarify Caller ID's legality under Federal wiretap laws, and we still need to encourage every State to approve Caller ID only with blocking. But the FCC's recent action is an important step forward, and it does deserve our applause.

Mr. President, before I conclude, I wish to mention the work of a brilliant young lawyer on my staff who was instrumental in bringing this issue to Congress and, by implication, in protecting the privacy of every American. His name is Keenan Peck, and his life was tragically taken away from us in 1990, just before our first scheduled hearing on Caller ID.

Mr. President, all of us who knew Keenan miss his intelligence, his warm sense of humor, his dedication to civil rights and civil liberties. But we know now more than ever that his legacy will live on.

Thank you, Mr. President. I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. 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. BAUCUS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The Chair advises the Senator that the Senate is currently in morning business.

CHINA HUMAN RIGHTS POLICY

Mr. BAUCUS. Mr. President, after Secretary of State Christopher's visit

to China, it is appropriate to review our relations with China. The President's Executive order on most favored nation tariff status for China expires in just over 2 months. Today I will discuss the situation we face today, the further actions we hope to see from China, and our options for next year if we are able to renew MFN.

STATUS OF EXECUTIVE ORDER CONDITIONS

The Executive order has seven conditions. On the first two, emigration rights and prison labor, China must comply fully. On the other five—the Universal Declaration on Human Rights; political prisoners; Red Cross access to prisons; protecting the religious and cultural heritage of Tibet; and radio jamming—China must make overall, significant progress.

On the first of the full compliance conditions, China allows substantially free emigration. On prison labor, Treasury Secretary Bentsen signed a new agreement in Beijing in February. Any MFN action on this issue will have to be based on failure to comply with the more recent agreement, and it is too early to tell.

On the overall, significant progress conditions, the record is mixed. China has done little on the civil and political sections of the Universal Declaration of Human Rights. But the declaration also includes rights to a basic standard of living, to seek employment, and to travel within one's country, on which there has been great progress. The Chinese press has become much freer to report on social problems like crime, industrial accidents, hijacking, and corruption.

China has also released some prominent political prisoners and given us our requested accounting of 235 priority cases. China has held talks with the Red Cross and has made some progress.

On Tibet, China is restoring some historic Tibetan temples and monuments, and permitting some monasteries to reopen. Based on the wording of the order, and without minimizing in any way the grave human rights abuses in Tibet, I would say China is meeting this condition. Finally, I see little progress on radio jamming.

FURTHER ACTION REQUIRED FROM CHINA

As the Secretary of State said in Beijing, and Ambassador Kantor repeated yesterday, our differences have narrowed. We may not be there yet. But China has room to act, within the framework of its own laws and existing international obligations, on our concerns.

In the next 2 months, I hope to see China take some of the following steps:

Grant medical parole for political prisoners with serious health problems;

Clear up all problem cases of emigration, and allow Chinese exiles like union organizer Han Dongfang to go home;

Make progress toward agreement with the International Red Cross to give the IRC access to Chinese prisons;

Fully enforce our agreement prohibiting export of goods produced with slave labor; and

End the jamming of foreign radio broadcasts.

CONSEQUENCES OF REVOKING MFN

If China does nothing, it will be hard to avoid revoking MFN. If that happens, everyone will suffer. Among the consequences we would see would be:

The loss of 200,000 jobs in the U.S. as China retaliates against our exports, and worse losses in the years ahead.

The loss of 75,000 jobs in Hong Kong and millions of jobs in China, the vast majority of them wholly innocent workers.

The permanent discrediting of pro-American factions in China, as the succession to Deng Xiaoping begins.

China actively opposing our foreign policy efforts not only in North Korea, but in the Middle East, Iraq and elsewhere.

China's trade relationship with Taiwan crippled, and our guarantee against a political crisis in the region gravely weakened. No doubt other problems would arise as well.

POLICY FOR 1995 AND AFTERWARD

None of this is inevitable. If China takes the actions I cited earlier, we should be able to renew MFN status.

But if we are able to do that, we should think hard about our goals in human rights and the means we use to achieve them.

The MFN conditions may not have been fruitless. But they have not won the basic improvement in human rights we all hope to see in China. They have proven no more effective, and far more dangerous, than the other means at our disposal. Thus, if we can renew MFN status in June, we should not impose conditions again. Instead, we should find other ways to promote human rights. The following are some options, and I am sure we have more.

First, diplomacy. We should continue the exchanges begun by Assistant Secretary of State Shattuck. We should press for attention to human rights in China at the United Nations; seek more support from Europe and Asia; condition high-level diplomatic exchanges on human rights; and meet with officials of Taiwan, Tibetan leaders in exile and Chinese dissidents.

Second, a permanent mechanism like a Bilateral Human Rights Commission to discuss human rights issues and cases.

Third, conditioning support for multilateral loans to China on human rights.

Fourth, tougher enforcement of our agreement on prison labor products. We should impose trade sanctions on goods suspected of forced-labor origin if China will not comply.

Fifth, making the private sector a more active force for change. U.S. business can take voluntary measures to promote human rights, and save lives by promoting workplace safety and pollution prevention, in the regions where they operate.

Finally, finding less confrontational methods. We need not limit ourselves to threats and pressure. Other approaches can get results too. They can include legal exchanges to promote rule of law; health and safety programs for industrial workplaces, mines and farms; expansion of the Peace Corps; religious, cultural and educational exchanges, and so on.

CONCLUSION

Mr. President, our experience this year shows that MFN conditions are not an effective long-term policy. We are committed this spring, and before the Executive order expires, we must push hard for more from China. But if we can renew MFN this spring, we should learn our lesson and find a new approach.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993

The PRESIDING OFFICER. Under the previous order the clerk will now report Calendar No. 259.

The legislative clerk read as follows:

A bill (S. 1275) to facilitate the establishment of community development financial institutions.

The Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Community Development, Credit Enhancement, and Regulatory Improvement Act of 1993".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—COMMUNITY DEVELOPMENT AND CONSUMER PROTECTION

Subtitle A—Community Development Banking and Financial Institutions Act

Sec. 101. Short title.
Sec. 102. Findings and purposes.
Sec. 103. Definitions.
Sec. 104. Establishment of national fund for community development banking.
Sec. 105. Applications for assistance.
Sec. 106. Community partnerships.
Sec. 107. Selection of institutions.
Sec. 108. Assistance provided by the Fund.
Sec. 109. Community development training.

Sec. 110. Encouragement of private entities.
Sec. 111. Clearinghouse function.
Sec. 112. Recordkeeping, reports, and audits.
Sec. 113. Investment of receipts and proceeds.
Sec. 114. Inspector General.
Sec. 115. Capitalization assistance to enhance liquidity.
Sec. 116. Community development revolving loan fund for credit unions.
Sec. 117. Study of community development credit unions.
Sec. 118. Regulations.
Sec. 119. Authorization of appropriations.

Subtitle B—Home Ownership and Equity Protection

Sec. 151. Consumer protections for high cost mortgages.
Sec. 152. Civil liability.
Sec. 153. Regulations; effective date.

TITLE II—SMALL BUSINESS CAPITAL FORMATION

Subtitle A—Small Business Loan Securitization

Sec. 201. Short title.
Sec. 202. Small business related security.
Sec. 203. Applicability of margin requirements.
Sec. 204. Borrowing in the course of business.
Sec. 205. Small business related securities as collateral.
Sec. 206. Investment by depository institutions.
Sec. 207. Preemption of State law.
Sec. 208. Insured depository institution capital requirements for transfers of small business loans.
Sec. 209. Transactions in small business related securities by employee benefit plans.
Sec. 210. Taxation of small business loan investment conduits.

Subtitle B—Small Business Capital Enhancement

Sec. 251. Findings and purposes.
Sec. 252. Definitions.
Sec. 253. Approving States for participation.
Sec. 254. Participation agreements.
Sec. 255. Terms of participation agreements.
Sec. 256. Reports.
Sec. 257. Reimbursement by the Secretary.
Sec. 258. Reimbursement to the Secretary.
Sec. 259. Regulations.
Sec. 260. Authorization of appropriations.

TITLE III—PAPERWORK REDUCTION AND REGULATORY IMPROVEMENT

Sec. 301. Incorporated definitions.
Sec. 302. Administrative consideration of burden with new regulations.
Sec. 303. Streamlining of regulatory requirements.
Sec. 304. Elimination of duplicative filings.
Sec. 305. Coordinated and unified examinations.
Sec. 306. Eighteen-month examination rule for certain small institutions.
Sec. 307. Call report simplification.
Sec. 308. Repeal of publication requirements.
Sec. 309. Regulatory appeals process.
Sec. 310. Electronic filing of currency transaction reports.
Sec. 311. Bank Secrecy Act publication requirements.
Sec. 312. Exemption of business loans from Real Estate Settlement Procedures Act requirements.
Sec. 313. Flexibility in choosing boards of directors.
Sec. 314. Holding company audit requirements.
Sec. 315. State regulation of real estate appraisals.
Sec. 316. Acceleration of effective date for interaffiliate transactions.
Sec. 317. Collateralization of public deposits.
Sec. 318. Elimination of stock valuation provision.
Sec. 319. Expedited procedures for forming a bank holding company.
Sec. 320. Exemption of certain holding company formations from registration under the Securities Act of 1933.
Sec. 321. Reduction of post-approval waiting period for bank holding company acquisitions.
Sec. 322. Reduction of post-approval waiting period for bank mergers.
Sec. 323. Bankers' banks.
Sec. 324. Bank Service Corporation Act amendment.
Sec. 325. Merger transaction reports.
Sec. 326. Credit card accounts receivable sales.
Sec. 327. Limiting potential liability on foreign accounts.
Sec. 328. Amendments to outdated dividend provisions.
Sec. 329. Elimination of duplicative disclosures for home equity loans.
Sec. 330. Report on capital standards and their impact on the economy.
Sec. 331. Studies on the impact of the payment of interest on reserves.
Sec. 332. Study and report on streamlined lending process for consumer benefit.
Sec. 333. Repeal of outdated charter requirement for national banks.

TITLE I—COMMUNITY DEVELOPMENT AND CONSUMER PROTECTION

Subtitle A—Community Development Banking and Financial Institutions Act

SEC. 101. SHORT TITLE.

This subtitle may be cited as the "Community Development Banking and Financial Institutions Act of 1993".

SEC. 102. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) many of the Nation's urban, rural, and Native American communities face critical social and economic problems arising in part from the lack of economic growth, people living in poverty, and the lack of employment and other opportunities;

(2) the restoration and maintenance of the economies of these communities will require coordinated development strategies, intensive supportive services, and increased access to equity investments and loans for development activities, including investment in businesses, housing, commercial real estate, human development, and other activities that promote the long-term economic and social viability of the community; and

(3) community development financial institutions have proven their ability to identify and respond to community needs for equity investments, loans, and development services.

(b) PURPOSE.—The purpose of this subtitle is to create a Community Development Financial Institutions Fund that will promote economic revitalization and community development through a program of investment in and assistance to community development financial institutions, including enhancing the liquidity of community development financial institutions.

SEC. 103. DEFINITIONS.

For purposes of this subtitle, 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, and also includes the National Credit Union Administration Board with respect to insured credit unions.

(2) AFFILIATE.—The term "affiliate" has the same meaning as in section 2(k) of the Bank Holding Company Act of 1956.

(3) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—

(A) IN GENERAL.—The term "community development financial institution" means a person (other than an individual) that—

(i) has a primary mission of promoting community development;

(ii) serves an investment area or targeted population;

(iii) directly, through an affiliate, or through a community partnership, provides development services and equity investments or loans;

(iv) maintains, through representation on its governing board or otherwise, accountability to residents of its investment area or targeted population; and

(v) is not an agency or instrumentality of the United States, or of any State or political subdivision of a State.

(B) QUALIFICATION OF AFFILIATES.—A subsidiary may only qualify as a community development financial institution if its parent company and the subsidiaries thereof (on a consolidated basis) also qualify as community development financial institutions.

(4) COMMUNITY PARTNER.—The term "community partner" means a person (other than an individual) that provides loans, equity investments, or development services, including a depository institution holding company, an insured depository institution, an insured credit union, a nonprofit organization, a State or local government agency, and an investment company authorized to operate pursuant to the Small Business Investment Act of 1958.

(5) COMMUNITY PARTNERSHIP.—The term "community partnership" means an agreement between a community development financial institution and a community partner to provide development services and loans or equity investments to an investment area or targeted population.

(6) DEPOSITORY INSTITUTION HOLDING COMPANY.—The term "depository institution holding company" has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(7) DEVELOPMENT SERVICES.—The term "development services" means activities that promote community development and are integral to lending or investment activities, including—

(A) business planning;

(B) financial and credit counseling; and

(C) marketing and management assistance.

(8) INSURED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term "insured community development financial institution" means any community development financial institution that is an insured depository institution or an insured credit union.

(9) INSURED CREDIT UNION.—The term "insured credit union" has the same meaning as in section 101(7) of the Federal Credit Union Act.

(10) INSURED DEPOSITORY INSTITUTION.—The term "insured depository institution" has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(11) INVESTMENT AREA.—The term "investment area" means a geographic area that—

(A)(i) meets objective criteria of economic distress developed by the Community Development Financial Institutions Fund, which

may include the percentage of low-income families or the extent of poverty, the rate of unemployment or underemployment, lag in population growth, and extent of blight and disinvestment; and

(ii) has significant unmet needs for loans or equity investments;

(B) is located in an empowerment zone or enterprise community designated under section 1391 of the Internal Revenue Code of 1986; or

(C) is located on an Indian reservation, as defined in section 3(d) of the Indian Financing Act of 1974 or section 4(10) of the Indian Child Welfare Act of 1978.

(12) LOW-INCOME.—The term "low-income" means having an income, adjusted for family size, of not more than—

(A) for metropolitan areas, 80 percent of the area median income; and

(B) for nonmetropolitan areas, the greater of—

(i) 80 percent of the area median income; and

(ii) 80 percent of the statewide nonmetropolitan area median income.

(13) PARENT COMPANY.—The term "parent company" means any company that directly or indirectly controls another company.

(14) SUBSIDIARY.—The term "subsidiary" has the same meaning as in section 3 of the Federal Deposit Insurance Act, except that a community development financial institution that is a corporation shall not be considered to be a subsidiary of any insured depository institution or depository institution holding company that controls less than 25 percent of the voting shares of the corporation.

(15) TARGETED POPULATION.—The term "targeted population" means low-income persons or persons who otherwise lack adequate access to loans or equity investments.

SEC. 104. ESTABLISHMENT OF NATIONAL FUND FOR COMMUNITY DEVELOPMENT BANKING.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a corporation to be known as the Community Development Financial Institutions Fund (hereafter in this subtitle referred to as the "Fund") that shall have the duties and responsibilities specified by this subtitle. The Fund shall have succession until dissolved. The offices of the Fund shall be in Washington, D.C. The Fund shall not be affiliated with or be within any other agency or department of the Federal Government.

(2) WHOLLY OWNED GOVERNMENT CORPORATION.—The Fund shall be a wholly owned Government corporation in the executive branch and shall be treated in all respects as an agency of the United States, except as otherwise provided in this subtitle.

(b) MANAGEMENT OF FUND.—

(1) APPOINTMENT OF ADMINISTRATOR AND DEPUTY ADMINISTRATOR.—The management of the Fund shall be vested in an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall not engage in any other business or employment during service as the Administrator. The President may appoint a Deputy Administrator by and with the advice and consent of the Senate. The Deputy Administrator shall serve as the acting Administrator of the Fund during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator.

(2) CHIEF FINANCIAL OFFICER.—The Administrator shall appoint a chief financial officer who shall oversee the financial management activities of the Fund.

(3) OTHER OFFICERS.—The Administrator may appoint such other officers and employees of the Fund as the Administrator determines to be necessary or appropriate.

(c) GENERAL POWERS.—In carrying out the functions of the Fund, the Administrator—

(1) shall have all necessary and proper authority to carry out this subtitle;

(2) shall have the power to adopt, alter, and use a corporate seal for the Fund, which shall be judicially noticed;

(3) may adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which business of the Fund may be conducted and such rules and regulations as may be necessary or appropriate to implement this subtitle;

(4) may enter into, perform, and enforce such agreements, contracts, and transactions as may be deemed necessary or appropriate to the conduct of activities authorized under this subtitle;

(5) may determine the character of and necessity for expenditures of the Fund and the manner in which they shall be incurred, allowed, and paid;

(6) may utilize or employ the services of personnel of any agency or instrumentality of the United States with the consent of the agency or instrumentality concerned on a reimbursable or nonreimbursable basis; and

(7) may execute all instruments necessary or appropriate in the exercise of any of the functions of the Fund under this subtitle and may delegate to the officers of the Fund such of the powers and responsibilities of the Administrator as the Administrator deems necessary or appropriate for the administration of the Fund.

(d) ADVISORY BOARD.—

(1) ESTABLISHMENT.—The Administrator shall establish an advisory board to be known as the Community Development Advisory Board (hereafter in this subtitle referred to as the "Board") in accordance with the provisions of the Federal Advisory Committee Act.

(2) MEMBERSHIP.—

(A) IN GENERAL.—The Board shall consist of 5 private citizens who, collectively—

(i) represent community groups whose constituencies include targeted populations or residents of investment areas;

(ii) represent local or regional government interests;

(iii) have expertise in the operations and activities of insured depository institutions; and

(iv) have expertise in community development and lending.

(B) REPRESENTATION.—Each of the categories described in clauses (i) through (iv) of subparagraph (A) shall be represented by not less than 1 member of the Board.

(3) BOARD FUNCTION.—It shall be the function of the Board to advise the Administrator on the policies of the Fund. The Board shall not advise the Administrator on the granting or denial of any particular application.

(4) TERMS OF MEMBERS.—

(A) IN GENERAL.—Each member of the Board shall serve for a term of 4 years.

(B) VACANCIES.—Any member appointed to fill a vacancy occurring prior to the expiration of the term for which the previous member was appointed shall be appointed for the remainder of such term. Members may continue to serve following the expiration of their terms until a successor is appointed and qualified.

(5) CHAIRPERSON.—The Administrator shall appoint a chairperson from among the members of the Board.

(6) MEETINGS.—The Board shall meet at least annually and at such other times as requested by the Administrator or the chairperson. A majority of the members of the Board shall constitute a quorum.

(7) REIMBURSEMENT FOR EXPENSES.—The members of the Board may receive reimbursement for travel, per diem, and other necessary expenses incurred in the performance of their duties, in accordance with the Federal Advisory Committee Act.

(8) COSTS AND EXPENSES.—The Fund shall provide to the Board all necessary staff and facilities.

(e) CONFORMING AMENDMENTS.—Section 9101(3) of title 31, United States Code, is amended—

(1) by redesignating subparagraphs (B) through (M) as subparagraphs (C) through (N), respectively; and

(2) by inserting after subparagraph (A) the following new subparagraph:

"(B) the Community Development Financial Institutions Fund;".

(f) GOVERNMENT CORPORATION CONTROL ACT EXEMPTION.—Section 9107(b) of title 31, United States Code, shall not apply to deposits of the Fund made pursuant to section 108.

(g) LIMITATION OF FUND AND FEDERAL LIABILITY.—The liability of the Fund and the United States Government arising out of any investment in a community development financial institution in accordance with this subtitle shall be limited to the amount of the investment. The Fund shall be exempt from any assessments and other liabilities that may be imposed on controlling or principal shareholders by any Federal law or the law of any State, Territory, or the District of Columbia.

(h) PROHIBITION ON ISSUANCE OF SECURITIES.—The Fund may not issue stock, bonds, debentures, notes, or other securities.

(i) COMPENSATION.—Title 5, United States Code, is amended—

(1) in section 5314, by adding at the end the following:

"Administrator of the Community Development Financial Institutions Fund."; and

(2) in section 5315, by adding at the end the following:

"Deputy Administrator of the Community Development Financial Institutions Fund.".

(j) ASSISTED INSTITUTIONS NOT UNITED STATES INSTRUMENTALITIES.—A community development financial institution or other organization that receives assistance pursuant to this subtitle shall not be deemed to be an agency, department, or instrumentality of the United States.

SEC. 105. APPLICATIONS FOR ASSISTANCE.

(a) FORM AND PROCEDURES.—An application for assistance under this subtitle shall be submitted in such form and in accordance with such procedures as the Fund shall establish.

(b) MINIMUM REQUIREMENTS.—Except as provided in sections 106 and 115, the Fund shall require an application—

(1) to establish that the applicant is, or will be, a community development financial institution;

(2) to include a comprehensive strategic plan for the organization that contains—

(A) a business plan of not less than 5 years in duration that demonstrates that the applicant will be properly managed and will have the capacity to operate a community development financial institution that will not be dependent upon assistance from the Fund for continued viability;

(B) an analysis of the needs of the investment area or targeted population and a strategy for how the applicant will attempt to meet those needs;

(C) a plan to coordinate use of assistance from the Fund with existing Federal, State, and local assistance programs, and private sector financial services;

(D) an explanation of how the proposed activities of the applicant are consistent with existing economic, community, and housing development plans adopted by or applicable to an investment area; and

(E) a description of how the applicant will coordinate with community organizations and financial institutions which will provide equity investments, loans, secondary markets, or other services to investment areas or targeted populations;

(3) to include a detailed description of the applicant's plans and likely sources of funds to match the amount of assistance requested from the Fund;

(4) in the case of an applicant that has previously received assistance under this subtitle, to demonstrate that the applicant—

(A) has substantially met its performance goals and otherwise carried out its responsibilities under this subtitle and the assistance agreement; and

(B) will expand its operations into a new investment area or to serve a new targeted population, offer more services, or increase the volume of its business;

(5) in the case of an applicant with a prior history of serving investment areas or targeted populations, to demonstrate that the applicant—

(A) has a record of success in serving investment areas or targeted populations;

(B) will expand its operations into a new investment area or to serve a new targeted population, offer more services, or increase the volume of its current business; and

(6) to include such other information as the Fund deems appropriate.

(c) PREAPPLICATION OUTREACH PROGRAM.—The Fund may operate an outreach program to identify and provide information to potential applicants.

SEC. 106. COMMUNITY PARTNERSHIPS.

(a) APPLICATION.—An application for assistance may be filed jointly by a community development financial institution and a community partner to carry out a community partnership.

(b) APPLICATION REQUIREMENTS.—The Fund shall require a community partnership application—

(1) to meet the minimum requirements established for community development financial institutions under section 105(b), except that the criteria specified in paragraphs (1) and (2)(A) of section 105(b) shall not apply to the community partner;

(2) to describe how each coapplicant will participate in carrying out the community partnership and how the partnership will enhance activities serving the investment area or targeted population; and

(3) to demonstrate that the community partnership activities are consistent with the strategic plan submitted by the community development financial institution coapplicant.

(c) SELECTION CRITERIA.—The Fund shall consider a community partnership application based on the selection criteria set out in section 107.

(d) LIMITATION ON DISTRIBUTION OF ASSISTANCE.—Assistance provided upon approval of an application under this section shall be distributed only to the community development financial institution coapplicant, and shall not be used to fund any activities carried out directly by the community partner or an affiliate thereof.

(e) OTHER REQUIREMENTS AND LIMITATIONS.—All other requirements and limitations imposed by this subtitle on a community development financial institution assisted under this subtitle shall apply (in the manner that the Fund determines to be appropriate) to assistance provided to carry out community partnerships. The Fund may establish additional guidelines and restrictions on the use of Federal funds to carry out community partnerships.

SEC. 107. SELECTION OF INSTITUTIONS.

(a) SELECTION CRITERIA.—Except as provided in section 115, the Fund shall, in its sole discretion, select applicants for assistance based on—

(1) the likelihood of success of the applicant in meeting the goals of its comprehensive strategic plan;

(2) the experience and background of the proposed management team;

(3) the extent of need for equity investments, loans, and development services within the investment areas or targeted populations;

(4) the extent of economic distress within the investment areas or the extent of need within the targeted populations, as those factors are measured by objective criteria;

(5) the extent to which the applicant will concentrate its activities on serving its investment areas or targeted populations;

(6) the amount of firm commitments to meet or exceed the matching requirements and the likely success of the plan for raising the balance of the match;

(7) the extent to which the proposed activities will expand economic opportunities within the investment areas or the targeted populations;

(8) whether the applicant is, or will become, an insured depository institution or an insured credit union;

(9) whether the applicant is, or will be, located—

(A) in an empowerment zone or enterprise community designated under section 1391 of the Internal Revenue Code of 1986; or

(B) on an Indian reservation, as defined in section 3(d) of the Indian Financing Act of 1974 or section 4(10) of the Indian Child Welfare Act of 1978;

(10) the extent to which the applicant will increase its resources through coordination with other institutions or participation in a secondary market;

(11) in the case of an applicant with a prior history of serving investment areas or targeted populations, the extent of success in serving them; and

(12) other factors (such as the extent to which the applicant has strong ties to the community that it will serve) deemed to be appropriate by the Fund.

(b) GEOGRAPHIC DIVERSITY.—The Fund shall assist a geographically diverse group of applicants, including an appropriate mix of applicants from urban, rural, and Native American communities.

SEC. 108. ASSISTANCE PROVIDED BY THE FUND.

(a) FORMS OF ASSISTANCE.—

(1) IN GENERAL.—The Fund may provide—

(A) financial assistance through equity investments, deposits, credit union shares, loans, and grants; and

(B) technical assistance—

(i) directly;

(ii) through grants; or

(iii) by contracting with organizations that possess expertise in community development, without regard to whether the organizations receive or are eligible to receive assistance under this subtitle.

(2) EQUITY INVESTMENTS.—The Fund shall not own more than 50 percent of the equity of a community development financial institution and may not control the operations of such institution. The Fund may hold only transferable, nonvoting equity investments. Such equity investments may provide for convertibility to voting stock upon transfer by the Fund.

(3) DEPOSITS.—Deposits made pursuant to this section in an insured community development financial institution shall not be subject to any requirement for collateral or security.

(4) LIMITATIONS ON OBLIGATIONS.—Direct loan obligations may be incurred by the Fund only to the extent that appropriations of budget authority to cover their costs, as defined in section 502 of the Congressional Budget Act of 1974, are made in advance.

(b) USES OF FINANCIAL ASSISTANCE.—

(1) IN GENERAL.—Financial assistance made available under this subtitle may be used by assisted institutions to serve investment areas or targeted populations by developing or supporting—

(A) commercial facilities that promote revitalization, community stability, or job creation or retention;

(B) businesses that—

(i) provide jobs for low-income people or are owned by low-income people; or

(ii) enhance the availability of products and services to low-income people;

(C) community facilities;

(D) the provision of basic financial services;

(E) housing that is principally affordable to low-income people, except that assistance used to facilitate homeownership opportunities shall only be used for activities and lending products that serve low-income people and are not offered by other lenders in the area; and

(F) other businesses and activities deemed appropriate by the Fund.

(2) LIMITATIONS.—No assistance made available under this subtitle may be expended by a community development financial institution (or an organization receiving assistance under section 115) to pay any person to influence or attempt to influence any agency, elected official, officer, or employee of a State or local government in connection with the making, award, extension, continuation, renewal, amendment, or modification of any State or local government contract, grant, loan, or cooperative agreement (as such terms are defined in section 1352 of title 31, United States Code).

(c) USES OF TECHNICAL ASSISTANCE.—Technical assistance may be used for activities that enhance the capacity of a community development financial institution, such as training of management and other personnel and development of programs and investment or loan products.

(d) AMOUNT OF ASSISTANCE.—

(1) IN GENERAL.—The Fund may provide not more than $5,000,000 of assistance, in the aggregate, during any 3-year period to any 1 community development financial institution and its affiliates.

(2) EXCEPTION.—Notwithstanding the limitations in paragraph (1), in the case of an existing community development financial institution that proposes to serve an investment area or targeted population outside of any State and outside of any metropolitan area presently served by the institution, the Fund may provide not more than $7,500,000 of assistance to a community development financial institution, in the aggregate, during any 3-year period, of which not less than $2,500,000 shall be used to establish affiliates to serve the new investment area or targeted population.

(3) TIMING OF ASSISTANCE.—Assistance may be provided as described in paragraphs (1) and (2) in a lump sum or over a period of time, as determined by the Fund.

(e) MATCHING REQUIREMENTS.—Assistance other than technical assistance shall be matched with funds from sources other than the Federal Government on the basis of not less than 1 dollar for each dollar provided by the Fund. Such matching funds shall be at least comparable in form and value to the assistance provided by the Fund. The Fund may reduce by up to 50 percent the matching requirements for applicants with severe constraints on available sources of matching funds, except that in any fiscal year, not more than 25 percent of funds disbursed by the Fund may have a reduced match. The Fund shall provide no assistance (other than technical assistance) until a community development financial institution has secured firm commitments for the matching funds required.

(f) TERMS AND CONDITIONS.—

(1) SOUNDNESS OF UNREGULATED INSTITUTIONS.—The Fund shall—

(A) ensure, to the maximum extent practicable, that each community development financial institution (other than an insured community development financial institution or depository institution holding company) assisted under this subtitle is financially and managerially sound and maintains appropriate internal controls; and

(B) require such institution to submit, not less than once during each 18-month period, a statement of financial condition audited by an independent certified public accountant as part of the report required by section 112(a)(4).

(2) CONSULTATION WITH THE APPROPRIATE BANKING REGULATOR.—Prior to providing assistance to an insured community development financial institution, the Fund shall consult with the appropriate Federal banking agency.

(3) ASSISTANCE AGREEMENT.—

(A) IN GENERAL.—Before providing any assistance under this subtitle, the Fund and each community development financial institution to be assisted shall enter into an agreement that requires the institution to comply with performance goals and abide by other terms and conditions pertinent to assistance received under this subtitle.

(B) PERFORMANCE GOALS.—Performance goals shall be negotiated between the Fund and each community development financial institution receiving assistance based upon the strategic plan submitted pursuant to section 105(b)(2). Such goals may be modified with the consent of the parties, or as provided in subparagraph (C). Performance goals for insured community development financial institutions shall be determined in consultation with the appropriate Federal banking agency.

(C) SANCTIONS.—The agreement shall provide that, in the event of fraud, mismanagement, noncompliance with this subtitle, or noncompliance with the terms of the agreement, the Fund, in its discretion, may—

(i) revoke approval of the application;

(ii) terminate or reduce future assistance;

(iii) require repayment of assistance;

(iv) require changes to the performance goals imposed pursuant to subparagraph (B);

(v) bar an applicant from reapplying for assistance from the Fund;

(vi) require changes to the strategic plan submitted pursuant to section 105(b)(2); and

(vii) take such other actions as the Fund deems appropriate.

(D) INSURED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—In the case of an insured community development financial institution, the Fund shall notify the appropriate Federal banking agency not less than 15 days before imposing sanctions pursuant to this paragraph and shall not impose such sanctions if the agency disapproves, with an explanation in writing, during that 15-day period.

(g) AUTHORITY TO SELL EQUITY INVESTMENTS AND LOANS.—The Fund may, at any time, sell its equity investments and loans, but the Fund shall retain the power to enforce limitations on assistance entered into in accordance with the requirements of this subtitle until the performance goals related to the investment or loan have been met.

(h) NO AUTHORITY TO LIMIT SUPERVISION AND REGULATION.—Nothing in this subtitle shall affect any authority of the appropriate Federal banking agency to supervise and regulate any institution or company.

SEC. 109. COMMUNITY DEVELOPMENT TRAINING.

(a) IN GENERAL.—The Fund may operate a training program to increase the capacity and expertise of community development financial institutions and other members of the financial services industry to undertake community development activities (hereafter in this subtitle referred to as the "training program").

(b) PROGRAM ACTIVITIES.—The training program shall provide educational programs to assist community development financial institutions and other members of the financial services industry in developing lending and investment products, underwriting and servicing loans, managing equity investments, and implementing development services targeted to areas of economic distress, low-income persons, and persons who lack adequate access to loans and equity investments.

(c) PARTICIPATION.—The training program shall be made available to community development financial institutions and other members of the financial services industry that serve or seek to serve areas of economic distress, low-income persons, and persons who lack adequate access to loans and equity investments.

(d) CONTRACTING.—The Fund may offer the training described in this section directly or through a contract with other organizations. The Fund may contract to provide the training with organizations that possess special expertise in community development, without regard to whether the organizations receive or are eligible to receive assistance under this subtitle.

(e) FEES.—The Fund, as it deems appropriate, may charge fees for participation in training services to offset the cost of providing the services.

SEC. 110. ENCOURAGEMENT OF PRIVATE ENTITIES.

The Fund may facilitate the organization of corporations in which the Federal Government has no ownership interest that will complement the activities of the Fund in carrying out the purpose of this subtitle. The purpose of any such entity shall be to assist community development financial institutions in a manner that is complementary to the activities of the Fund under this subtitle. Any such entity shall be managed exclusively by persons not employed by the Federal Government or any agency or instrumentality thereof.

SEC. 111. CLEARINGHOUSE FUNCTION.

(a) ESTABLISHMENT.—The Fund may establish and maintain an information clearinghouse in coordination with other Federal departments or agencies and community development financial institutions to—

(1) collect, compile, and analyze information pertinent to community development financial institutions that will assist in creating, developing, expanding, and preserving these institutions; and

(2) provide information on financial, technical, and management assistance, data on the activities of community development financial institutions, regulations, and other information that may promote the purposes of this subtitle.

(b) COSTS.—The cost of maintaining the clearinghouse shall be shared equally by the Fund and each department or agency involved in maintaining the clearinghouse.

SEC. 112. RECORDKEEPING, REPORTS, AND AUDITS.

(a) RECORDKEEPING.—

(1) IN GENERAL.—A community development financial institution receiving assistance from the Fund shall keep such records, for such periods as may be prescribed, as may be necessary to disclose the manner in which any assistance under this subtitle is used and to demonstrate compliance with the requirements of this subtitle.

(2) ACCESS TO RECORDS.—The Fund shall have access on demand, for the purpose of determining compliance with this subtitle, to any records of a community development financial institution that receives assistance from the Fund.

(3) REVIEW.—Not less than annually, the Fund shall review the progress of each assisted community development financial institution in carrying out its strategic plan, meeting its performance goals, and satisfying the terms and conditions of its assistance agreement.

(4) REPORTING.—

(A) ANNUAL REPORTS.—The Fund shall require each community development financial institution receiving assistance under this subtitle to submit an annual report to the Fund on its activities, its financial condition, and its success in meeting performance goals, in satisfying the terms and conditions of its assistance agreement, and in complying with other requirements of this subtitle in such form and manner as the Fund shall specify.

(B) AVAILABILITY OF REPORTS.—The Fund, after deleting or redacting any material, as appropriate to protect privacy or proprietary interests, shall make such reports available for public inspection.

(b) ANNUAL REPORT BY THE FUND.—The Fund shall conduct an annual evaluation of the activities carried out by the Fund and the community development financial institutions assisted pursuant to this subtitle, and shall submit a report of its findings to the President and the Congress not later than 120 days after the end of each fiscal year of the Fund. The report shall include financial statements audited in accordance with subsection (d).

(c) STUDIES.—

(1) OPTIONAL STUDIES.—The Fund may conduct such studies as the Fund determines necessary to further the purpose of this subtitle and to facilitate investment in distressed communities. The findings of any studies conducted pursuant to this paragraph shall be included in the report required by subsection (b).

(2) INVESTMENT, GOVERNANCE, AND ROLE OF FUND.—Thirty months after the appointment and qualification of the Administrator, the Comptroller General shall submit to the President and the Congress a study evaluating the structure, governance, and performance of the Fund.

(d) EXAMINATION AND AUDIT.—The financial statements of the Fund shall be audited in

accordance with section 9105 of title 31, United States Code, except that audits required by section 9105(a) of such title shall be performed annually.

SEC. 113. INVESTMENT OF RECEIPTS AND PROCEEDS.

(a) ESTABLISHMENT OF ACCOUNT.—Any dividends on equity investments and proceeds from the disposition of investments, deposits, or credit union shares that are received by the Fund as a result of assistance provided pursuant to section 108, and any fees received pursuant to section 109(e) shall be deposited and accredited to an account of the Fund in the United States Treasury (hereafter in this section referred to as "the account") established to carry out the purpose of this subtitle.

(b) INVESTMENTS.—Upon request of the Administrator, the Secretary of the Treasury shall invest amounts deposited in the account in public debt securities with maturities suitable to the needs of the Fund, as determined by the Administrator, and bearing interest at rates determined by the Secretary of the Treasury, comparable to current market yields on outstanding marketable obligations of the United States of similar maturities.

(c) AVAILABILITY.—Amounts deposited into the account and interest earned on such amounts pursuant to this section shall be available to the Fund until expended.

SEC. 114. INSPECTOR GENERAL.

(a) ESTABLISHMENT.—Section 11 of the Inspector General Act of 1978 (5 U.S.C. App. 11) is amended—

(1) in paragraph (1), by inserting "; the Administrator of the Community Development Financial Institutions Fund;" before "and the chief"; and

(2) in paragraph (2), by inserting "the Community Development Financial Institutions Fund," after "the Agency for International Development,".

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for the operation of the Office of Inspector General established by the amendments made by subsection (a).

SEC. 115. CAPITALIZATION ASSISTANCE TO ENHANCE LIQUIDITY.

(a) ASSISTANCE.—

(1) IN GENERAL.—The Fund may provide assistance for the purpose of providing capital to organizations that will purchase loans or otherwise enhance the liquidity of community development financial institutions if—

(A) the primary purpose of such organizations is to promote community development; and

(B) any assistance received is matched with funds—

(i) from sources other than the Federal Government;

(ii) on the basis of not less than $1 for each dollar provided by the Fund; and

(iii) that are comparable in form and value to the assistance provided by the Fund.

(2) LIMITATION ON OTHER ASSISTANCE.—An organization that receives assistance under this section may not receive other financial or technical assistance under this subtitle.

(b) SELECTION.—The selection of organizations to receive assistance under this section shall be at the discretion of the Fund and in accordance with criteria established by the Fund. In establishing such criteria, the Fund shall take into account the criteria contained in sections 105(b) and 107, as appropriate.

(c) AMOUNT OF ASSISTANCE.—The Fund may provide a total of not more than $5,000,000 of assistance to an organization under this section during any 3-year period. Assistance may be provided in a lump sum or over a period of time, as determined by the Fund.

(d) AUDIT AND REPORT REQUIREMENTS.—

(1) IN GENERAL.—Organizations that receive assistance from the Fund in accordance with this section shall—

(A) submit to the Fund not less than once in every 18-month period, financial statements audited by an independent certified public accountant;

(B) submit an annual report on its activities; and

(C) keep such records as may be necessary to disclose the manner in which any assistance under this section is used.

(2) ACCESS.—The Fund shall have access on demand, for the purposes of determining compliance with this section, to any records of such organizations.

(e) LIMITATIONS ON LIABILITY.—

(1) LIABILITY OF FUND.—The liability of the Fund and the United States Government arising out of the provision of assistance to any organization in accordance with this section shall be limited to the amount of such assistance. The Fund shall be exempt from any assessments and any other liabilities that may be imposed on controlling or principal shareholders by any Federal law or the law of any State, territory, or the District of Columbia.

(2) LIABILITY OF GOVERNMENT.—This section does not oblige the Federal Government, either directly or indirectly, to provide any funds to any organization assisted pursuant to this section, or to honor, reimburse, or otherwise guarantee any obligation or liability of such an organization. This section shall not be construed to imply that any such organization or any obligations or securities of any such organization are backed by the full faith and credit of the United States.

(f) USE OF PROCEEDS.—Any proceeds from the sale of loans to an organization assisted under this section shall be used by the seller for community development purposes.

SEC. 116. COMMUNITY DEVELOPMENT REVOLVING LOAN FUND FOR CREDIT UNIONS.

(a) REPEAL.—Section 120 of the Federal Credit Union Act (12 U.S.C. 1766) is amended by striking subsection (k).

(b) REVOLVING LOAN FUND.—The Federal Credit Union Act (12 U.S.C. 1751 et seq.) is amended by inserting after section 129 the following new section:

"SEC. 130. COMMUNITY DEVELOPMENT REVOLVING LOAN FUND FOR CREDIT UNIONS.

"(a) IN GENERAL.—The Board may exercise the authority granted to it by the Community Development Credit Union Revolving Loan Fund Transfer Act, including any additional appropriation made or earnings accrued, subject only to this section and to regulations prescribed by the Board.

"(b) INVESTMENT.—The Board may invest any idle Fund moneys in United States Treasury securities. Any interest accrued on such securities shall become a part of the Fund.

"(c) LOANS.—The Board may require that any loans made from the Fund be matched by increased shares in the borrower credit union.

"(d) INTEREST.—Interest earned by the Fund may be allocated by the Board for technical assistance to community development credit unions, subject to an appropriations Act.

"(e) DEFINITION.—As used in this section, the term 'Fund' means the Community Development Credit Union Revolving Loan Fund.".

SEC. 117. STUDY OF COMMUNITY DEVELOPMENT CREDIT UNIONS.

(a) IN GENERAL.—The National Credit Union Administration Board, in consultation with representatives of the credit union industry, shall conduct a study of community development credit activities by credit unions. In conducting the study, the Board shall consider—

(1) the role of such institutions in providing credit and related financial services to inner city and rural areas;

(2) the failure rate of such institutions in the past;

(3) the desirability of establishing a special examination force for community development credit unions and mentor programs;

(4) the desirability of establishing a clearinghouse for the recirculation of startup equipment and furniture for community development credit unions; and

(5) appropriate startup and permanent financing programs for such credit unions.

(b) REPORT.—Not later than October 1, 1994, the National Credit Union Administration Board shall issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives on the study conducted under subsection (a) and the regulatory and legislative changes that may be necessary to ensure that community development activity by credit unions becomes and remains viable and productive.

SEC. 118. REGULATIONS.

Not later than 180 days after the appointment and qualification of the Administrator, the Fund shall issue such regulations as may be necessary to carry out this subtitle.

SEC. 119. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—To carry out this subtitle, there are authorized to be appropriated to the Fund, to remain available until expended—

(1) $60,000,000 for fiscal year 1994;

(2) $104,000,000 for fiscal year 1995;

(3) $107,000,000 for fiscal year 1996; and

(4) $111,000,000 for fiscal year 1997.

(b) ADMINISTRATIVE EXPENSES.—Of amounts authorized to be appropriated to the Fund—

(1) not more than $5,500,000 may be used by the Fund in each fiscal year to pay the administrative costs and expenses of the Fund; and

(2) not more than $50,000 may be used by the Fund in each fiscal year to provide for administrative costs and expenses described in section 104(d)(8).

(c) COMMUNITY DEVELOPMENT CREDIT UNION REVOLVING LOAN FUND.—There are authorized to be appropriated for the purposes of the Community Development Credit Union Revolving Loan Fund—

(1) $2,000,000 for fiscal year 1994;

(2) $1,000,000 for fiscal year 1995;

(3) $1,000,000 for fiscal year 1996; and

(4) $1,000,000 for fiscal year 1997.

(d) CAPITALIZATION ASSISTANCE.—Not more than 5 percent of the amounts authorized to be appropriated under subsection (a) may be used as provided in section 115.

(e) BUDGETARY TREATMENT.—Amounts authorized to be appropriated under this section shall be subject to discretionary spending caps, as provided in section 601 of the Congressional Budget Act of 1974, and therefore shall reduce by an equal amount funds made available for other discretionary spending programs.

Subtitle B—Home Ownership and Equity Protection

SEC. 151. CONSUMER PROTECTIONS FOR HIGH COST MORTGAGES.

(a) DEFINITION.—Section 103 of the Truth in Lending Act (15 U.S.C. 1602) is amended by adding at the end the following new subsection:

"(aa)(1) The term 'high cost mortgage' means a consumer credit transaction, other than a residential mortgage transaction or a transaction under an open end credit plan, that is secured by a consumer's principal dwelling, if—

"(A) the annual percentage rate at consummation of the transaction will exceed by more than 10 percentage points the rate of interest on Treasury securities having comparable periods of maturity on the fifteenth day of the month immediately preceding the month in which the loan is consummated; or

"(B) the total points and fees payable by the consumer at or before closing will exceed the greater of—

"(i) 8 percent of the total loan amount; or

"(ii) $400.

"(2) The amount specified in paragraph (1)(B)(ii) shall be adjusted annually on January 1 by the annual percentage change in the Consumer Price Index, as reported on June 1 of the year preceding such adjustment.

"(3) For purposes of paragraph (1)(B), points and fees shall include—

"(A) all items included in the finance charge except interest and the time-price differential;

"(B) all compensation paid to mortgage brokers;

"(C) all direct and indirect compensation received by the creditor in connection with credit insurance; and

"(D) each of the charges listed in section 106(e) (except an escrow for future payment of taxes), unless—

"(i) the charge is reasonable;

"(ii) the creditor receives no direct or indirect compensation; and

"(iii) the charge is paid to a third party unaffiliated with the creditor.".

(b) MATERIAL DISCLOSURES.—Section 103(u) of the Truth in Lending Act (15 U.S.C. 1602(u)) is amended—

(1) by striking "and the due dates" and inserting ", the due dates"; and

(2) by inserting before the period ", and the disclosures for high cost mortgages required by section 129(a)".

(c) DEFINITION OF CREDITOR CLARIFIED.—Section 103(f) of the Truth in Lending Act (15 U.S.C. 1602(f)) is amended by adding at the end the following: "Any person who originates 2 or more high cost mortgages in any 12-month period or any person who originates 1 or more high cost mortgages through a mortgage broker shall be considered to be a creditor for purposes of this title.".

(d) DISCLOSURES REQUIRED AND CERTAIN TERMS PROHIBITED.—The Truth in Lending Act (15 U.S.C. 1601 et seq.) is amended by inserting after section 128 the following new section:

"SEC. 129. REQUIREMENTS FOR HIGH COST MORTGAGES.

"(a) DISCLOSURES.—

"(1) SPECIFIC DISCLOSURES.—In addition to other disclosures required under this title, for each high cost mortgage, the creditor shall provide the following disclosures in conspicuous type size:

"(A) 'You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application.'

"(B) 'If you obtain this loan, the lender will have a mortgage on your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan.'.

"(2) ANNUAL PERCENTAGE RATE.—In addition to the disclosures required under paragraph (1), the creditor shall disclose—

"(A) the annual percentage rate of the loan and the amount of the regular monthly payment; or

"(B) in the case of a variable rate loan, the annual percentage rate of the loan, a statement that the interest rate and monthly payment may increase, and the amount of the maximum possible monthly payment.

"(b) TIME OF DISCLOSURES.—

"(1) IN GENERAL.—The disclosures required by this section shall be given not less than 3 business days prior to consummation of the transaction.

"(2) NEW DISCLOSURES REQUIRED.—After providing the disclosures required by this section, a creditor may not change the terms of the loan if such changes make the disclosures inaccurate, unless new disclosures are provided that meet the requirements of this section.

"(3) MODIFICATIONS.—The Board may, if it finds that such action is necessary to permit homeowners to meet bona fide personal financial emergencies, prescribe regulations authorizing the modification or waiver of rights created under this subsection, to the extent and under the circumstances set forth in those regulations.

"(c) NO PREPAYMENT PENALTY.—

"(1) IN GENERAL.—Except as provided in paragraph (4), a high cost mortgage may not contain terms under which a consumer must pay a prepayment penalty for paying all or part of the principal of the loan prior to the date on which such principal is due. If the date of maturity of the high cost mortgage is accelerated for any reason, and the consumer is entitled to a rebate of interest, computation of the rebate amount shall comply with paragraph (2). No high cost mortgage shall provide for a default interest rate that is higher than the interest rate provided by the note for the loan prior to default.

"(2) REBATE COMPUTATION.—For purposes of this subsection, any method of computing rebates of interest that is less favorable to the consumer than the actuarial method (as defined in section 933 of the Housing and Community Development Act of 1992) using simple interest is a prepayment penalty.

"(3) CERTAIN OTHER FEES PROHIBITED.—An agreement to refinance a high cost mortgage by the same creditor or an affiliate of the creditor may not require the consumer to pay points, discount fees, or prepaid finance charges on the portion of the loan refinanced.

"(4) EXCEPTION.—A high cost mortgage may include terms under which a consumer is required to pay not more than 1 month's interest as a penalty if the consumer prepays the principal of the loan within 90 days of origination.

"(d) NO BALLOON PAYMENTS.—A high cost mortgage may not include terms under which the aggregate amount of the regular periodic payments would not fully amortize the outstanding principal balance.

"(e) NO NEGATIVE AMORTIZATION.—A high cost mortgage may not include terms under which the outstanding principal balance will increase at any time over the course of the loan because the regular periodic payments do not cover the full amount of interest due.

"(f) NO PREPAID PAYMENTS.—A high cost mortgage may not include terms under which more than 2 periodic payments required under the loan are consolidated and paid in advance from the loan proceeds provided to the consumer.

"(g) CONSEQUENCE OF FAILURE TO COMPLY.—Any high cost mortgage loan that contains a provision prohibited by this section shall be deemed a failure to deliver the material disclosures required under this title, for the purpose of section 125.

"(h) DEFINITION.—For purposes of this section, the term 'affiliate' has the same meaning as in section 2(k) of the Bank Holding Company Act of 1956.

"(i) DISCRETIONARY REGULATORY AUTHORITY OF BOARD.—

"(1) EXEMPTIONS.—The Board may, by regulation or order, exempt specific mortgage products or categories of mortgages from any or all of the prohibitions specified in subsections (c) through (f), if the Board finds that the exemption—

"(A) is in the interest of the borrowing public; and

"(B) will apply only to products that maintain and strengthen home ownership and equity protection.

"(2) PROHIBITIONS.—The Board, by regulation or order, shall prohibit any specific acts or practices in connection with high cost mortgages that the Board finds to be unfair, deceptive, or designed to evade the provisions of this section.".

(e) CONFORMING AMENDMENTS.—

(1) TABLE OF SECTIONS.—The table of sections at the beginning of chapter 2 of the Truth in Lending Act is amended by striking the item relating to section 129 and inserting the following:

"129. Requirements for high cost mortgages.".

(2) TRUTH IN LENDING ACT.—Section 105(a) of the Truth in Lending Act (15 U.S.C. 1604(a)) is amended in the second sentence, by striking "These" and inserting "Except in the case of a high cost mortgage, as defined in section 103(aa), these".

SEC. 152. CIVIL LIABILITY.

(a) DAMAGES.—Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended—

(1) by striking "and" at the end of paragraph (2)(B);

(2) by striking the period at the end of paragraph (3) and inserting "; and"; and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) in the case of a failure to comply with any requirement under section 129, an amount equal to the sum of all finance charges and fees paid by the consumer, unless the creditor demonstrates that the failure to comply is not material.".

(b) STATE ATTORNEY GENERAL ENFORCEMENT.—Section 130(e) of the Truth in Lending Act (15 U.S.C. 1640(e)) is amended by adding at the end the following: "An action to enforce a violation of section 129 may also be brought by the appropriate State attorney general in any appropriate United States district court, or any other court of competent jurisdiction, not later than 3 years after the date on which the violation occurs. The State attorney general shall provide prior written notice of any such civil action to the Federal agency responsible for enforcement under section 108 and shall provide the agency with a copy of the complaint. If prior notice is not feasible, the State attorney general shall provide notice to such agency immediately upon instituting the action. The Federal agency may—

"(1) intervene in the action;

"(2) upon intervening—

"(A) remove the action to the appropriate United States district court, if it was not originally brought there; and

"(B) be heard on all matters arising in the action; and

"(3) file a petition for appeal.".

(c) ASSIGNEE LIABILITY.—Section 131 of the Truth in Lending Act (15 U.S.C. 1641) is amended by adding at the end the following new subsection:

"(d) HIGH COST MORTGAGES.—

"(1) IN GENERAL.—In addition to any other liability imposed under this title, any person who purchases or is otherwise assigned a high cost mortgage shall be subject to all claims and defenses with respect to the mortgage that the consumer could assert against the creditor of the mortgage.

"(2) DAMAGES.—Relief provided as a result of liability imposed under paragraph (1) shall be limited to the sum of—

"(A) the amount of all remaining indebtedness; and

"(B) the total amount paid by the consumer in connection with the transaction.

"(3) NOTICE.—Any person who sells or otherwise assigns a high cost mortgage shall include a prominent notice of the potential liability under this subsection as determined by the Board.".

SEC. 153. REGULATIONS; EFFECTIVE DATE.

(a) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Board of Governors of the Federal Reserve System shall issue such regulations as may be necessary to carry out this subtitle.

(b) EFFECTIVE DATE.—This subtitle, and the amendments made by this subtitle, shall apply to every high cost mortgage (as defined in section 103(aa) of the Truth in Lending Act, as added by section 151(a) of this Act) consummated on or after the date which is 60 days after the promulgation of final regulations under subsection (a).

TITLE II—SMALL BUSINESS CAPITAL FORMATION

Subtitle A—Small Business Loan Securitization

SEC. 201. SHORT TITLE.

This subtitle may be cited as the "Small Business Loan Securitization and Secondary Market Enhancement Act of 1993".

SEC. 202. SMALL BUSINESS RELATED SECURITY.

(a) DEFINITION.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following new paragraph:

"(53)(A) The term 'small business related security' means a security that is rated in 1 of the 4 highest rating categories by at least 1 nationally recognized statistical rating organization, and either—

"(i) represents an interest in 1 or more promissory notes evidencing the indebtedness of a small business concern and originated by an insured depository institution, insured credit union, insurance company, or similar institution which is supervised and examined by a Federal or State authority, or a finance company; or

"(ii) is secured by an interest in 1 or more promissory notes (with or without recourse to the issuer) and provides for payments of principal in relation to payments, or reasonable projections of payments, on notes described in clause (i).

"(B) For purposes of this paragraph—

"(i) an 'interest in a promissory note' includes ownership rights, certificates of interest or participation in such notes, and rights designed to assure servicing of such notes, or the receipt or timely receipt of amounts payable under such notes;

"(ii) the term 'small business concern' has the same meaning as in section 3 of the Small Business Act;

"(iii) the term 'insured depository institution' has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

"(iv) the term 'insured credit union' has the same meaning as in section 101 of the Federal Credit Union Act.".

(b) TECHNICAL AMENDMENT.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by redesignating paragraph (51) defining the term "foreign financial regulatory authority" as paragraph (52) and inserting such paragraph after paragraph (51), defining the term "penny stocks".

SEC. 203. APPLICABILITY OF MARGIN REQUIREMENTS.

Section 7(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78g(g)) is amended by inserting "or a small business related security" after "mortgage related security".

SEC. 204. BORROWING IN THE COURSE OF BUSINESS.

Section 8(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78h(a)) is amended in the last sentence by inserting "or a small business related security" after "mortgage related security".

SEC. 205. SMALL BUSINESS RELATED SECURITIES AS COLLATERAL.

Clause (ii) of section 11(d)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78k(d)(1)) is amended by inserting "or any small business related security" after "mortgage related security".

SEC. 206. INVESTMENT BY DEPOSITORY INSTITUTIONS.

(a) HOME OWNERS' LOAN ACT AMENDMENT.—Section 5(c)(1) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(1)) is amended by adding at the end the following new subparagraph:

"(S) SMALL BUSINESS RELATED SECURITIES.—Investments in small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934), subject to such regulations as the Director may prescribe, including regulations concerning the minimum size of the issue (at the time of the initial distribution), the minimum aggregate sales price, or both.".

(b) CREDIT UNIONS.—Section 107(15) of the Federal Credit Union Act (12 U.S.C. 1757(15)) is amended—

(1) in subparagraph (A), by striking "or" at the end;

(2) in subparagraph (B), by inserting "or" at the end; and

(3) by adding at the end the following new subparagraph:

"(C) are small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934), subject to such regulations as the Board may prescribe, including regulations prescribing the minimum size of the issue (at the time of the initial distribution), the minimum aggregate sales price, or both;".

(c) NATIONAL BANKING ASSOCIATIONS.—Section 5136 of the Revised Statutes (12 U.S.C. 24) is amended in the last sentence in the first full paragraph of paragraph Seventh, by striking "or (B) are mortgage related securities" and inserting the following: "(B) are small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934); or (C) are mortgage related securities".

SEC. 207. PREEMPTION OF STATE LAW.

(a) IN GENERAL.—Section 106(a)(1) of the Secondary Mortgage Market Enhancement Act of 1984 (15 U.S.C. 77r-1(a)(1)) is amended—

(1) by striking "or" at the end of subparagraph (B);

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

"(C) small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934), or".

(b) OBLIGATIONS OF THE UNITED STATES.—Section 106(a)(2) of the Secondary Mortgage Market Enhancement Act of 1984 (15 U.S.C. 77r-1(a)(2)) is amended—

(1) by striking "or" at the end of subparagraph (B);

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

"(C) small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934), or".

(c) PREEMPTION OF STATE LAWS.—Section 106(c) of the Secondary Mortgage Market Enhancement Act of 1984 (15 U.S.C. 77r-1(c)) is amended—

(1) in the first sentence, by striking "or that" and inserting ", that"; and

(2) by inserting ", or that are small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934)" before "shall be exempt".

(d) IMPLEMENTATION.—Section 106 of the Secondary Mortgage Market Enhancement Act of 1984 (15 U.S.C. 77r-1) is amended by adding at the end the following new subsection:

"(d) IMPLEMENTATION.—

"(1) LIMITATION.—The provisions of subsections (a) and (b) concerning small business related securities shall not apply with respect to a particular person, trust, corporation, partnership, association, business trust, or business entity or class thereof in any State that, prior to the expiration of 7 years after the date of enactment of this subsection, enacts a statute that specifically refers to this section and either prohibits or provides for a more limited authority to purchase, hold, or invest in such small business related securities by any person, trust, corporation, partnership, association, business trust, or business entity or class thereof than is provided in this section. The enactment by any State of any statute of the type described in the preceding sentence shall not affect the validity of any contractual commitment to purchase, hold, or invest that was made prior to such enactment, and shall not require the sale or other disposition of any small business related securities acquired prior to the date of such enactment.

"(2) STATE REGISTRATION OR QUALIFICATION REQUIREMENTS.—Any State may, not later than 7 years after the date of enactment of this subsection, enact a statute that specifically refers to this section and requires registration or qualification of any small business related securities on terms that differ from those applicable to any obligation issued by the United States.".

SEC. 208. INSURED DEPOSITORY INSTITUTION CAPITAL REQUIREMENTS FOR TRANSFERS OF SMALL BUSINESS LOANS.

(a) ACCOUNTING PRINCIPLES.—The accounting principles applicable to the transfer of a small business loan with recourse contained in reports or statements required to be filed with Federal banking agencies by a qualified insured depository institution shall be consistent with generally accepted accounting principles.

(b) CAPITAL AND RESERVE REQUIREMENTS.—With respect to the transfer of a small business loan with recourse that is a sale under generally accepted accounting principles, each qualified insured depository institution shall—

(1) establish and maintain a reserve equal to an amount sufficient to meet the reasonable estimated liability of the institution under the recourse arrangement; and

(2) include, for purposes of applicable capital standards and other capital measures, only the amount of the retained recourse in the risk-weighted assets of the institution.

(c) QUALIFIED INSTITUTIONS CRITERIA.—An insured depository institution is a qualified insured depository institution for purposes of this section if, without regard to the accounting principles or capital requirements referred to in subsections (a) and (b), the institution is—

(1) well capitalized; or

(2) with the approval, by regulation or order, of the appropriate Federal banking agency, adequately capitalized.

(d) AGGREGATE AMOUNT OF RECOURSE.—The total outstanding amount of recourse retained by a qualified insured depository institution with respect to transfers of small business loans under subsections (a) and (b) shall not exceed—

(1) 15 percent of the risk-based capital of the institution; or

(2) such greater amount, as established by the appropriate Federal banking agency by regulation or order.

(e) INSTITUTIONS THAT CEASE TO BE QUALIFIED OR EXCEED AGGREGATE LIMITS.—If an insured depository institution ceases to be a qualified insured depository institution or exceeds the limits under subsection (d), this section shall remain applicable to any transfers of small business loans that occurred during the time that the institution was qualified and did not exceed such limit.

(f) PROMPT CORRECTIVE ACTION NOT AFFECTED.—The capital of an insured depository institution shall be computed without regard to this section in determining whether the institution is adequately capitalized, under capitalized, significantly undercapitalized, or critically undercapitalized under section 38 of the Federal Deposit Insurance Act.

(g) REGULATIONS REQUIRED.—Not later than 180 days after the date of the enactment of this Act each appropriate Federal banking agency shall promulgate final regulations implementing this section.

(h) ALTERNATIVE SYSTEM PERMITTED.—

(1) IN GENERAL.—At the discretion of the appropriate Federal banking agency, this section shall not apply if the regulations of the agency provide that the aggregate amount of capital and reserves required with respect to the transfer of small business loans with recourse does not exceed the aggregate amount of capital and reserves that would be required under subsection (b).

(2) EXISTING TRANSACTIONS NOT AFFECTED.—Notwithstanding paragraph (1), this section shall remain in effect with respect to transfers of small business loans with recourse by qualified insured depository institutions occurring before the effective date of regulations referred to in paragraph (1).

(i) DEFINITIONS.—For purposes of this section—

(1) the term "adequately capitalized" has the same meaning as in section 38(b) of the Federal Deposit Insurance Act;

(2) the term "appropriate Federal banking agency" has the same meaning as in section 3 of the Federal Deposit Insurance Act;

(3) the term "capital standards" has the same meaning as in section 38(c) of the Federal Deposit Insurance Act;

(4) the term "Federal banking agencies" has the same meaning as in section 3 of the Federal Deposit Insurance Act;

(5) the term "insured depository institution" has the same meaning as in section 3 of the Federal Deposit Insurance Act;

(6) the term "other capital measures" has the meaning as in section 38(c) of the Federal Deposit Insurance Act;

(7) the term "recourse" has the meaning given to such term under generally accepted accounting principles;

(8) the term "small business" means a business that meets the criteria for a small business concern established by the Small Business Administration under section 3(a) of the Small Business Act; and

(9) the term "well capitalized" has the same meaning as in section 38(b) of the Federal Deposit Insurance Act.

SEC. 209. TRANSACTIONS IN SMALL BUSINESS RELATED SECURITIES BY EMPLOYEE BENEFIT PLANS.

(a) PROHIBITED TRANSACTION EXEMPTION.—The Secretary of Labor, in consultation with the Secretary of the Treasury, shall exempt transactions involving small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934 (as added by section 202 of this Act)), either unconditionally or on stated terms and conditions, from the restrictions of sections 406 and 407 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1106, 1107) and the taxes imposed under section 4975 of the Internal Revenue Code of 1986 (26 U.S.C. 4975).

(b) CONDITIONS.—In providing for the exemption required under subsection (a), the Secretary of Labor shall consider—

(1) the importance of facilitating transactions in small business related securities; and

(2) the necessity of imposing any term or condition to protect the rights and interests of participants and beneficiaries of employee benefit plans affected by the exemption.

(c) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Labor shall promulgate final regulations to carry out subsection (a).

SEC. 210. TAXATION OF SMALL BUSINESS LOAN INVESTMENT CONDUITS.

(a) TAXATION SIMILAR TO REMIC.—The Secretary of the Treasury shall promulgate regulations providing for the taxation of a small business loan investment conduit and the holder of an interest therein similar to the taxation of a real estate mortgage investment conduit and the holder of interests therein under the Internal Revenue Code of 1986.

(b) ADJUSTMENT TO REMIC PROVISIONS.—In promulgating regulations under subsection (a), the Secretary of the Treasury shall make any necessary adjustments to the real estate mortgage investment conduit provisions to take into consideration—

(1) the purpose of facilitating the securitization of small business loans through the use of small business loan investment conduits and the development of a secondary market in small business loans;

(2) differences in the nature of qualifying mortgages in a real estate mortgage investment conduit and small business loans and obligations; and

(3) differences in the practices of participants in the securitization of real estate mortgages in a real estate mortgage investment conduit and the securitization of other assets.

(c) SMALL BUSINESS LOAN INVESTMENT CONDUIT DEFINED.—For purposes of this section, the term "small business loan investment conduit" means any entity substantially all of the assets of which consist of any obligation (including any participation or certificate of beneficial ownership therein)—

(1) of a business that meets the criteria for a small business concern established under section 3(a) of the Small Business Act; and

(2) that was originated by an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act), credit union, insurance company, or similar institution or a finance company which is supervised and examined by an appropriate Federal or State authority.

Subtitle B—Small Business Capital Enhancement

SEC. 251. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) small business concerns are a vital part of the economy, accounting for the majority of new jobs, new products, and new services created in the United States;

(2) adequate access to debt capital is a critical component for small business development, productivity, expansion, and success in the United States;

(3) commercial banks are the most important suppliers of debt capital to small business concerns in the United States;

(4) commercial banks and other depository institutions have various incentives to minimize their risk in financing small business concerns;

(5) as a result of such incentives, many small business concerns with economically sound financing needs are unable to obtain access to needed debt capital;

(6) the small business capital access programs implemented by certain States are a flexible and efficient tool to assist financial institutions in providing access to needed debt capital for many small business concerns in a manner consistent with safety and soundness regulations;

(7) a small business capital access program would complement other programs which assist small business concerns in obtaining access to capital; and

(8) Federal policy can stimulate and accelerate efforts by States to implement small business capital access programs by providing an incentive to States, while leaving the administration of such programs to each participating State.

(b) PURPOSES.—By encouraging States to implement administratively efficient capital access programs that encourage commercial banks and other depository institutions to provide access to debt capital for a broad portfolio of small business concerns, and thereby promote a more efficient and effective debt market, the purposes of this subtitle are—

(1) to promote economic opportunity and growth;

(2) to create jobs;

(3) to promote economic efficiency;

(4) to enhance productivity; and

(5) to spur innovation.

SEC. 252. DEFINITIONS.

For purposes of this subtitle—

(1) the term "Secretary" means the Secretary of Housing and Urban Development;

(2) the term "appropriate Federal banking agency"—

(A) has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

(B) includes the National Credit Union Administration Board in the case of any credit union the deposits of which are insured in accordance with the Federal Credit Union Act;

(3) the term "early loan" means a loan enrolled at a time when the aggregate covered amount of loans previously enrolled under the Program by a particular participating financial institution is less than $5,000,000;

(4) the term "enrolled loan" means a loan made by a participating financial institution that is enrolled by a participating State in accordance with this subtitle;

(5) the term "financial institution" means any federally chartered or State-chartered commercial bank, savings association, savings bank, or credit union;

(6) the term "participating financial institution" means any financial institution that has entered into a participation agreement with a participating State in accordance with section 254;

(7) the term "participating State" means any State that has been approved for participation in the Program in accordance with section 253;

(8) the term "passive real estate ownership" means ownership of real estate for the purpose of deriving income from speculation, trade, or rental, except that such term shall not include—

(A) the ownership of that portion of real estate being used or intended to be used for the operation of the business of the owner of the real estate (other than the business of passive ownership of real estate); or

(B) the ownership of real estate for the purpose of construction or renovation, until the completion of the construction or renovation phase;

(9) the term "Program" means the Small Business Capital Enhancement Program established under this subtitle;

(10) the term "reserve fund" means a fund, established by a participating State, earmarked for a particular participating financial institution, for the purposes of—

(A) depositing all required premium charges paid by the participating financial institution and by each borrower receiving a loan under the Program from a participating financial institution;

(B) depositing contributions made by the participating State; and

(C) covering losses on enrolled loans by disbursing accumulated funds; and

(11) the term "State" means the States of the United States and the District of Columbia.

SEC. 253. APPROVING STATES FOR PARTICIPATION.

(a) APPLICATION.—Any State may apply to the Secretary for approval to be a participating State under the Program and to be eligible for reimbursement by the Secretary pursuant to section 257.

(b) APPROVAL CRITERIA.—The Secretary shall approve a State to be a participating State, if—

(1) a specific department or agency of the State has been designated to implement the Program;

(2) all legal actions necessary to enable such designated department or agency to implement the Program have been accomplished;

(3) funds in the amount of at least $1 for every 2 people residing in the State (as of the last decennial census for which data have been released) are available and have been legally committed to contributions by the State to reserve funds, with such funds being available without time limit and without requiring additional legal action, except that such requirements shall not be construed to limit the authority of the State to take action at a later time that results in the termination of its obligation to enroll loans and make contributions to reserve funds;

(4) the State has prescribed a form of participation agreement to be entered into between it and each participating financial institution that is consistent with the requirements and purposes of this subtitle; and

(5) the State and the Secretary have executed a reimbursement agreement that conforms to the requirements of this subtitle.

(c) EXISTING STATE PROGRAMS.—

(1) IN GENERAL.—A State that is not a participating State, but that has its own capital access program providing portfolio insurance for business loans (based on a separate loss reserve fund for each financial institution), may apply at any time to the Secretary to be approved to be a participating State. The Secretary shall approve such State to be a participating State, and to be eligible for reimbursements by the Secretary pursuant to section 257, if the State—

(A) satisfies the requirements of subsections (a) and (b); and

(B) certifies that each affected financial institution has satisfied the requirements of section 254.

(2) APPLICABLE TERMS OF PARTICIPATION.—

(A) STATUS OF INSTITUTIONS.—If a State is approved for participation under paragraph (1), each financial institution with a participation agreement in effect with the participating State shall immediately be considered a participating financial institution. Reimbursements may be made under section 237 in connection with all contributions made to the reserve fund by the State in connection with lending that occurs on or after the date on which the Secretary approves the State for participation.

(B) EFFECTIVE DATE OF PARTICIPATION.—If an amended participation agreement that conforms with section 255 is required in order to secure participation approval by the Secretary, contributions subject to reimbursement under section 257 shall include only those contributions made to a reserve fund with respect to loans enrolled on or after the date that an amended participation agreement between the participating State and the participating financial institution becomes effective.

(C) USE OF ACCUMULATED RESERVE FUNDS.—A State that is approved for participation in accordance with this subsection may continue to implement the program utilizing the reserve funds accumulated under the State program.

(d) PRIOR APPROPRIATIONS REQUIREMENT.—The Secretary shall not approve a State for participation in the Program until at least $50,000,000 has been appropriated to the Secretary (subject to an appropriations Act), without fiscal year limitation, for the purpose of making reimbursements pursuant to section 257.

(e) AMENDMENTS TO AGREEMENTS.—If a State that has been approved to be a participating State wishes to amend its form of participation agreement and continue to be a participating State, such State shall submit such amendment for review by the Secretary in accordance with subsection (b)(4). Any such amendment shall become effective only after it has been approved by the Secretary.

SEC. 254. PARTICIPATION AGREEMENTS.

(a) IN GENERAL.—A participating State may enter into a participation agreement with any financial institution determined by the participating State, after consultation with the appropriate Federal banking agency, to have sufficient commercial lending experience and financial and managerial capacity to participate in the Program. The determination by the State shall not be reviewable by the Secretary.

(b) PARTICIPATING FINANCIAL INSTITUTIONS.—Upon entering into the participation agreement with the participating State, the financial institution shall become a participating financial institution eligible to enroll loans under the Program.

SEC. 255. TERMS OF PARTICIPATION AGREEMENTS.

(a) IN GENERAL.—The participation agreement to be entered into by a participating State and a participating financial institution shall include all provisions required by this section, and shall not include any provisions inconsistent with the provisions of this section.

(b) ESTABLISHMENT OF SEPARATE RESERVE FUNDS.—A separate reserve fund shall be established by the participating State for each participating financial institution. All funds credited to a reserve fund shall be subject to the control of the participating State. Notwithstanding the preceding sentence, the participating State may allow a participating financial institution to treat the premium charges paid by the institution and the borrower into the reserve fund, and interest earned thereon, as assets of the institution for accounting purposes. Each reserve fund shall be an administrative account for the purposes of—

(1) receiving all required premium charges to be paid by the borrower and participating financial institution and contributions by the participating State; and

(2) disbursing funds, either to cover losses sustained by the participating financial institution in connection with loans made under the Program, or as contemplated by subsections (d) and (r).

(c) INVESTMENT AUTHORITY.—Subject to applicable State law, the participating State may invest, or cause to be invested, funds held in a reserve fund by establishing a deposit account at the participating financial institution in the name of the participating State. In the event that funds in the reserve fund are not deposited in such an account, such funds shall be invested in a form that the participating State determines is safe and liquid.

(d) EARNED INCOME AND INTEREST.—Interest or income earned on the funds credited to a reserve fund shall be deemed to be part of the reserve fund, except that a participating State may, as further specified in the participation agreement—

(1) provide authority for the participating State to withdraw some or all of such interest or income earned; and

(2) allow the participating financial institution, upon its withdrawal from the Program, to withdraw interest or income earned that is deemed to be attributable to the premium charges paid by the institution and the borrower and that remains in the reserve fund, if such withdrawal does not expose the participating State to any greater risk of loss than the risk of loss in the absence of such withdrawal.

(e) LOAN TERMS AND CONDITIONS.—

(1) IN GENERAL.—A loan to be filed for enrollment under the Program may be made with such interest rate, fees, and other terms and conditions as agreed upon by the participating financial institution and the borrower, consistent with applicable law.

(2) LINES OF CREDIT.—If a loan to be filed for enrollment is in the form of a line of credit, the amount of the loan shall be considered to be the maximum amount that can be drawn by the borrower against the line of credit.

(f) ENROLLMENT PROCESS.—

(1) FILING.—

(A) IN GENERAL.—A participating financial institution shall file each loan made under the Program for enrollment by completing and submitting to the participating State a form prescribed by the participating State.

(B) FORM.—The form referred to in subparagraph (A) shall include a representation

by the participating financial institution that it has complied with the participation agreement in enrolling the loan with the State.

(C) PREMIUM CHARGES.—Accompanying the completed form shall be the nonrefundable premium charges paid by the borrower and the participating financial institution, or evidence that such premium charges have been deposited into the deposit account containing the reserve fund, if applicable.

(D) SUBMISSION.—The participation agreement shall require that the items required by this subsection shall be submitted to the participating State by the participating financial institutions not later than 10 calendar days after a loan is made.

(2) ENROLLMENT BY STATE.—Upon receipt by the participating State of the filing submitted in accordance with paragraph (1), the participating State shall promptly enroll the loan and make a matching contribution to the reserve fund in accordance with subsection (j), unless the information submitted indicates that the participating financial institution has not complied with the participation agreement in enrolling the loan.

(g) COVERAGE AMOUNT.—In filing a loan for enrollment under the Program, the participating financial institution may specify an amount to be covered under the Program that is less than the full amount of the loan.

(h) PREMIUM CHARGES.—

(1) MINIMUM AND MAXIMUM AMOUNTS.—The premium charges payable to the reserve fund by the borrower and the participating financial institution shall be prescribed by the participating financial institution, within minimum and maximum limits set forth in the participation agreement. The participation agreement shall establish minimum and maximum limits whereby the sum of the premium charges paid in connection with a loan by the borrower and the participating financial institution is not less than 3 percent nor more than 7 percent of the amount of the loan covered under the Program.

(2) ALLOCATION OF PREMIUM CHARGES.—The participation agreement shall specify terms for allocating premium charges between the borrower and the participating financial institution. However, if the participating financial institution is required to pay any of the premium charges, the participation agreement shall authorize the participating financial institution to recover from the borrower the cost of the payment of the participating financial institution, in any manner on which the participating financial institution and the borrower agree.

(i) RESTRICTIONS.—

(1) ACTIONS PROHIBITED.—Except as provided in subsection (h) and paragraph (2) of this subsection, the participating State may not—

(A) impose any restrictions or requirements, relating to the interest rate, fees, collateral, or other business terms and conditions of the loan; or

(B) condition enrollment of a loan in the Program on the review by the State of the risk or creditworthiness of a loan.

(2) EFFECT ON OTHER LAW.—Nothing in this subtitle shall affect the applicability of any other law to the conduct by a participating financial institution of its business.

(j) STATE CONTRIBUTIONS.—In enrolling a loan under the Program, the participating State shall contribute to the reserve fund an amount, as provided for in the participation agreement, which shall not be less than the sum of the amount of premium charges paid by the borrower and the participating financial institution.

(k) ELEMENTS OF CLAIMS.—

(1) FILING.—If a participating financial institution charges off all or part of an enrolled loan, such participating financial institution may file a claim for reimbursement with the participating State by submitting a form that—

(A) includes the representation by the participating financial institution that it is filing the claim in accordance with the terms of the applicable participation agreement; and

(B) contains such other information as may be required by the participating State.

(2) TIMING.—Any claim filed under paragraph (1) shall be filed contemporaneously with the action of the participating financial institution to charge off all or part of an enrolled loan. The participating financial institution shall determine when and how much to charge off on an enrolled loan, in a manner consistent with its usual method for making such determinations on business loans that are not enrolled loans under this subtitle.

(l) ELEMENTS OF CLAIMS.—A claim filed by a participating financial institution may include the amount of principal charged off, not to exceed the covered amount of the loan. Such claim may also include accrued interest and out-of-pocket expenses, if and to the extent provided for under the participation agreement.

(m) PAYMENT OF CLAIMS.—

(1) IN GENERAL.—Except as provided in subsection (n) and paragraph (2) of this subsection, upon receipt of a claim filed in accordance with this section and the participation agreement, the participating State shall promptly pay to the participating financial institution, from funds in the reserve fund, the full amount of the claim as submitted.

(2) INSUFFICIENT RESERVE FUNDS.—If there are insufficient funds in the reserve fund to cover the entire amount of a claim of a participating financial institution, the participating State shall pay to the participating financial institution an amount equal to the current balance in the reserve fund. If the enrolled loan for which the claim has been filed—

(A) is not an early loan, such payment shall be deemed fully to satisfy the claim, and the participating financial institution shall have no other or further right to receive any amount from the reserve fund with respect to such claim; or

(B) is an early loan, such payment shall not be deemed fully to satisfy the claim of the participating financial institution, and at such time as the remaining balance of the claim does not exceed 75 percent of the balance in the reserve fund, the participating State shall, upon the request of the participating financial institution, pay any remaining amount of the claim.

(n) DENIAL OF CLAIMS.—A participating State may deny a claim if a representation or warranty made by the participating financial institution to the participating State at the time that the loan was filed for enrollment or at the time that the claim was submitted was known by the participating financial institution to be false.

(o) SUBSEQUENT RECOVERY OF CLAIM AMOUNT.—If, subsequent to payment of a claim by the participating State, a participating financial institution recovers from a borrower any amount for which payment of the claim was made, the participating financial institution shall promptly pay to the participating State for deposit into the reserve fund the amount recovered, less any expenses incurred by the institution in collection of such amount.

(p) PARTICIPATION AGREEMENT TERMS.—

(1) IN GENERAL.—In connection with the filing of a loan for enrollment in the Program, the participation agreement—

(A) shall require the participating financial institution to obtain an assurance from each borrower that—

(i) the proceeds of the loan will be used for a business purpose;

(ii) the loan will not be used to finance passive real estate ownership; and

(iii) the borrower is not—

(I) an executive officer, director, or principal shareholder of the participating financial institution;

(II) a member of the immediate family of an executive officer, director, or principal shareholder of the participating financial institution; or

(III) a related interest of any such executive officer, director, principal shareholder, or member of the immediate family;

(B) shall require the participating financial institution to provide assurances to the participating State that the loan has not been made in order to place under the protection of the Program prior debt that is not covered under the Program and that is or was owed by the borrower to the participating financial institution or to an affiliate of the participating financial institution;

(C) may provide that if—

(i) a participating financial institution makes a loan to a borrower that is a refinancing of a loan previously made to the borrower by the participating financial institution or an affiliate of the participating financial institution;

(ii) such prior loan was not enrolled in the Program; and

(iii) additional or new financing is extended by the participating financial institution as part of the refinancing,

the participating financial institution may file the loan for enrollment, with the amount to be covered under the Program not to exceed the amount of any additional or new financing; and

(D) may include additional restrictions on the eligibility of loans or borrowers that are not inconsistent with the provisions and purposes of this subtitle.

(2) DEFINITIONS.—For purposes of this subsection, the terms "executive officer", "director", "principal shareholder", "immediate family", and "related interest" refer to the same relationship to a participating financial institution as the relationship described in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.

(q) TERMINATION CLAUSE.—In each participation agreement, the participating State shall reserve for itself the ability to terminate its obligation to enroll loans under the Program. Any such termination shall be prospective only, and shall not apply to amounts of loans enrolled under the Program prior to such termination.

(r) ALLOWABLE WITHDRAWALS FROM FUND.—

(1) WITHDRAWALS BASED ON OUTSTANDING BALANCE.—The participation agreement may provide that, if, for any consecutive period of not less than 24 months, the aggregate outstanding balance of all enrolled loans for a participating financial institution is continually less than the outstanding balance in the reserve fund for that participating financial institution, the participating State, in its discretion, may withdraw an amount from the reserve fund to bring the balance in the reserve fund down to the outstanding balance of all such enrolled loans.

(2) WITHDRAWALS BASED ON PREMIUM CHARGES REMAINING IN FUND.—Upon its with-

drawal from the Program, a participating financial institution may withdraw from the reserve fund an amount that is equivalent to the premium charges paid into the fund by the institution and the borrower that remain in the reserve fund, if such withdrawal would not expose the participating State to a greater risk of loss than the risk of loss in the absence of such withdrawal.

SEC. 256. REPORTS.

(a) RESERVE FUNDS REPORT.—On or before the last day of each calendar quarter, a participating State shall submit to the Secretary a report of contributions to reserve funds made by the participating State during the previous calendar quarter. If the participating State has made contributions to one or more reserve funds during the previous quarter, the report shall—

(1) indicate the total amount of such contributions;

(2) indicate the amount of contributions which is subject to reimbursement, which shall be equal to the total amount of contributions, unless one of the limitations contained in section 257 is applicable;

(3) if one of the limitations in section 257 is applicable, provide documentation of the applicability of such limitation for each loan for which the limitation applies; and

(4) include a certification by the participating State that—

(A) the information provided in accordance with paragraphs (1), (2), and (3) is accurate;

(B) funds in an amount meeting the minimum requirements of section 253(b)(3) continue to be available and legally committed to contributions by the State to reserve funds, less any amount that has been contributed by the State to reserve funds subsequent to the State being approved for participation in the Program;

(C) there has been no unapproved amendment to any participation agreement or the form of participation agreements; and

(D) the participating State is otherwise implementing the Program in accordance with this subtitle and regulations issued pursuant to section 259.

(b) ANNUAL DATA.—Not later than March 31 of each year, each participating State shall submit to the Secretary annual data indicating the number of borrowers financed under the Program, the total amount of covered loans, and breakdowns by industry type, loan size, annual sales, and number of employees of the borrowers financed.

(c) FORM.—The reports and data filed pursuant to subsections (a) and (b) shall be in such form as the Secretary may require.

SEC. 257. REIMBURSEMENT BY THE SECRETARY.

(a) REIMBURSEMENTS.—Not later than 30 calendar days after receiving a report filed in compliance with section 256, the Secretary shall reimburse the participating State in an amount equal to 50 percent of the amount of contributions by the participating State to the reserve funds that are subject to reimbursement by the Secretary pursuant to section 256 and this section. The Secretary shall reimburse participating States, as it receives reports pursuant to section 256(a), until available funds are expended.

(b) SIZE OF ASSISTED BORROWER.—The Secretary shall not provide any reimbursement to a participating State with respect to an enrolled loan made to a borrower that has 500 or more employees at the time that the loan is enrolled in the Program.

(c) THREE-YEAR MAXIMUM.—The amount of reimbursement to be provided by the Secretary to a participating State over any 3-year period in connection with loans made to any single borrower or any group of borrowers among which a common enterprise exists shall not exceed $75,000. For purposes of this subsection, "common enterprise" shall have the same meaning as in part 32 of title 12 of the Code of Federal Regulations, or any successor to that part.

(d) LOANS TOTALING LESS THAN $2,000,000.—In connection with a loan in which the covered amount of the loan plus the covered amount of all previous loans enrolled by a participating financial institution does not exceed $2,000,000, the amount of reimbursement by the Secretary to the participating State shall not exceed the lesser of—

(1) 75 percent of the sum of the premium charges paid to the reserve fund by the borrower and the participating financial institution; or

(2) 5.25 percent of the covered amount of the loan.

(e) LOANS TOTALING MORE THAN $2,000,000.—In connection with a loan in which the sum of the covered amounts of all previous loans enrolled by the participating financial institution in the Program equals or exceeds $2,000,000, the amount of reimbursement to be provided by the Secretary to the participating State shall not exceed the lesser of—

(1) 50 percent of the sum of the premium charges paid by the borrower and the participating financial institution; or

(2) 3.5 percent of the covered amount of the loan.

(f) OTHER AMOUNTS.—In connection with the enrollment of a loan that will cause the aggregate covered amount of all enrolled loans to exceed $2,000,000, the amount of reimbursement by the Secretary to the participating State shall be determined—

(1) by applying subsection (d) to the portion of the loan, which when added to the aggregate covered amount of all previously enrolled loans equals $2,000,000; and

(2) by applying subsection (e) to the balance of the loan.

SEC. 258. REIMBURSEMENT TO THE SECRETARY.

(a) IN GENERAL.—If a participating State withdraws funds from a reserve fund pursuant to terms of the participation agreement permitted by subsection (d) or (r) of section 255, such participating State shall, not later than 15 calendar days after such withdrawal, submit to the Secretary an amount computed by multiplying the amount withdrawn by the appropriate factor, as determined under subsection (b).

(b) FACTOR.—The appropriate factor shall be obtained by dividing the total amount of contributions that have been made by the participating State to all reserve funds which were subject to reimbursement—

(1) by 2; and

(2) by the total amount of contributions made by the participating State to all reserve funds, including if applicable, contributions that have been made by the State prior to becoming a participating State if the State continued its own capital access program in accordance with section 253(b).

(c) USE OF REIMBURSEMENTS.—The Secretary may use funds reimbursed pursuant to this section to make reimbursements under section 257.

SEC. 259. REGULATIONS.

The Secretary shall promulgate appropriate regulations to implement this subtitle.

SEC. 260. AUTHORIZATION OF APPROPRIATIONS.

(a) AMOUNT.—There are authorized to be appropriated to the Secretary $50,000,000 to carry out this subtitle.

(b) BUDGETARY TREATMENT.—The amount authorized to be appropriated under subsection (a) shall be subject to discretionary spending caps, as provided in section 601 of the Congressional Budget Act of 1974, and therefore shall reduce by an equal amount funds made available for other discretionary spending programs.

TITLE III—PAPERWORK REDUCTION AND REGULATORY IMPROVEMENT

SEC. 301. INCORPORATED DEFINITIONS.

Unless otherwise specifically provided in this title, for purposes of this title—

(1) the terms "appropriate Federal banking agency", "Federal banking agencies", and "insured depository institution" have the same meanings as in section 3 of the Federal Deposit Insurance Act; and

(2) the term "insured credit union" has the same meaning as in section 101 of the Federal Credit Union Act.

SEC. 302. ADMINISTRATIVE CONSIDERATION OF BURDEN WITH NEW REGULATIONS.

In determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, each Federal banking agency shall consider, consistent with the principles of safety and soundness and the public interest—

(1) any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository institutions; and

(2) the benefits of such regulations.

SEC. 303. STREAMLINING OF REGULATORY REQUIREMENTS.

(a) REVIEW OF REGULATIONS; REGULATORY UNIFORMITY.—During the 2-year period beginning on the date of enactment of this Act, each Federal banking agency shall, consistent with principles of safety and soundness and the public interest—

(1) conduct a review of the regulations and written policies of that agency—

(A) to streamline those regulations and policies in order to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability; and

(B) to remove inconsistencies and outmoded and duplicative requirements; and

(2) work jointly with the other Federal banking agencies to make uniform all regulations and guidelines implementing common statutory or supervisory policies.

(b) REPORT TO CONGRESS.—The Federal banking agencies shall submit a joint report to the Congress annually for 2 years following the date of enactment of this Act detailing the progress of the agencies in carrying out the requirements of subsection (a).

SEC. 304. ELIMINATION OF DUPLICATIVE FILINGS.

The Federal banking agencies shall work jointly—

(1) to eliminate, to the extent practicable, duplicative or otherwise unnecessary requests for information in connection with applications or notices to the agencies; and

(2) to harmonize, to the extent practicable, any inconsistent publication and public notice requirements.

SEC. 305. COORDINATED AND UNIFIED EXAMINATIONS.

Section 10(d) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)) is amended by adding at the end the following new paragraph:

"(6) COORDINATED EXAMINATIONS.—To minimize the disruptive effects of examinations on the operations of insured depository institutions—

"(A) each appropriate Federal banking agency shall, to the extent practicable and consistent with safety and soundness principles and the public interest—

"(i) coordinate examinations to be conducted by that agency at an insured depository institution and its affiliates;

"(ii) coordinate with the other appropriate Federal banking agencies in the conduct of such examinations; and

"(iii) work to coordinate the conduct of all examinations made pursuant to this subsection with the appropriate State bank supervisor; and

"(B) not later than 2 years after the date of enactment of the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1993, the Federal banking agencies shall jointly establish and implement a system for determining which one of the Federal banking agencies shall conduct a unified examination of each insured depository institution and its affiliates, as required by this subsection, on behalf of all Federal banking agencies.".

SEC. 306. EIGHTEEN-MONTH EXAMINATION RULE FOR CERTAIN SMALL INSTITUTIONS.

Section 10(d)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)(4)) is amended—

(1) in subparagraph (A), by striking "$100,000,000" and inserting "$250,000,000";

(2) in subparagraph (C), by striking "and" at the end;

(3) by redesignating subparagraph (D) as subparagraph (E); and

(4) by inserting after subparagraph (C) the following new subparagraph:

"(D) the insured institution is not currently subject to a formal enforcement proceeding or order by the Corporation or the appropriate Federal banking agency; and".

SEC. 307. CALL REPORT SIMPLIFICATION.

(a) MODERNIZATION OF CALL REPORT FILING AND DISCLOSURE SYSTEM.—In order to reduce the administrative requirements pertaining to bank reports of condition, savings association financial reports, and bank holding company consolidated and parent-only financial statements, and to improve the timeliness of such reports and statements, the Federal banking agencies shall—

(1) work jointly to develop a system under which—

(A) insured depository institutions and their affiliates may file such reports and statements electronically; and

(B) the Federal banking agencies may make such reports and statements available to the public electronically; and

(2) not later than 1 year after the date of enactment of this Act, report to the Congress and make recommendations for legislation that would enhance efficiency for filers and users of such reports and statements.

(b) UNIFORM REPORTS AND SIMPLIFICATION OF INSTRUCTIONS.—The Federal banking agencies shall, consistent with the principles of safety and soundness, work jointly—

(1) to adopt a single form for the filing of core information required to be submitted under Federal law to all such agencies in the reports and statements referred to in subsection (a); and

(2) to simplify instructions accompanying such reports and statements and to provide an index to the instructions that is adequate to meet the needs of both filers and users.

(c) REVIEW OF CALL REPORT SCHEDULE.—Each Federal banking agency shall—

(1) review the information required by schedules supplementing the core information referred to in subsection (b); and

(2) eliminate requirements that are not warranted for reasons of safety and soundness or other public purposes.

SEC. 308. REPEAL OF PUBLICATION REQUIREMENTS.

(a) REVISED STATUTES.—Section 5211 of the Revised Statutes (12 U.S.C. 161) is amended—

(1) in the fifth sentence of subsection (a), by striking "; and the statement of resources" and all that follows through "as may be required by the Comptroller"; and

(2) in subsection (c), by striking the fourth sentence.

(b) FDIA.—Section 7(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(1)) is amended by striking the fourth sentence.

(c) FEDERAL RESERVE ACT.—Section 9 of the Federal Reserve Act (12 U.S.C. 324) is amended in the last sentence of the sixth undesignated paragraph, by striking "and shall be published" and all that follows through the end of the sentence and inserting a period.

SEC. 309. REGULATORY APPEALS PROCESS.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, each appropriate Federal banking agency and the National Credit Union Administration Board shall establish an independent intra-agency appellate process. The process shall be available to review material supervisory determinations made at insured depository institutions or at insured credit unions that the agency supervises.

(b) REVIEW PROCESS.—In establishing the independent appellate process under subsection (a), each agency shall ensure—

(1) that any appeal of a material supervisory determination by an insured depository institution or credit union is heard and decided expeditiously; and

(2) that appropriate safeguards exist for protecting the appellant from retaliation by agency examiners.

(c) COMMENT PERIOD.—Not later than 90 days after the date of enactment of this Act, each appropriate Federal banking agency and the National Credit Union Administration shall provide public notice and opportunity for comment on proposed guidelines for the establishment of an appellate process under this section.

(d) DEFINITIONS.—For purposes of this section—

(1) the term "material supervisory determinations" includes determinations relating to—

(A) examination ratings;

(B) the adequacy of loan loss reserve provisions; and

(C) loan classifications on loans that are significant to the institution; and

(2) the term "independent appellate process" means a review by an agency official who does not directly or indirectly report to the agency official who made the material supervisory determination under review.

(e) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall affect the authority of an appropriate Federal banking agency or the National Credit Union Association Board to take enforcement or supervisory action against an institution.

SEC. 310. ELECTRONIC FILING OF CURRENCY TRANSACTION REPORTS.

Section 123 of the Bank Secrecy Act (12 U.S.C. 1953) is amended by adding at the end the following new subsection:

"(c) ACCEPTANCE OF AUTOMATED RECORDS.—The Secretary shall permit an uninsured bank or financial institution to retain or maintain records referred to in subsection (a) in electronic or automated form, subject to terms and conditions established by the Secretary.".

SEC. 311. BANK SECRECY ACT PUBLICATION REQUIREMENTS.

Chapter 53 of title 31, United States Code, is amended by adding at the end the following new section:

"SEC. 5329. STAFF COMMENTARIES.

"The Secretary shall—

"(1) publish all written rulings interpreting this chapter; and

"(2) annually issue a staff commentary on the regulations issued under this chapter.".

SEC. 312. EXEMPTION OF BUSINESS LOANS FROM REAL ESTATE SETTLEMENT PROCEDURES ACT REQUIREMENTS.

The Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) is amended by inserting after section 6 the following new section:

"SEC. 7. EXEMPTED TRANSACTIONS.

"This Act does not apply to credit transactions involving extensions of credit—

"(1) primarily for business, commercial, or agricultural purposes; or

"(2) to government or governmental agencies or instrumentalities.".

SEC. 313. FLEXIBILITY IN CHOOSING BOARDS OF DIRECTORS.

Section 5146 of the Revised Statutes (12 U.S.C. 72) is amended in the first sentence, by striking "two thirds" and inserting "a majority".

SEC. 314. HOLDING COMPANY AUDIT REQUIREMENTS.

Section 36(i) of the Federal Deposit Insurance Act (12 U.S.C. 1831m(i)) is amended by striking paragraph (2) and inserting the following:

"(2) the institution—

"(A) has total assets, as of the beginning of such fiscal year, of less than $5,000,000,000;

"(B) has—

"(i) total assets, as of the beginning of such fiscal year, of more than $5,000,000,000 and less than $9,000,000,000; and

"(ii) a CAMEL composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating by any such agency under a comparable rating system) as of the most recent examination of such institution by the Corporation or the appropriate Federal banking agency; or

"(C) has—

"(i) total assets, as of the beginning of such fiscal year, of more than $9,000,000,000; and

"(ii) a CAMEL composite rating of 1 under the Uniform Financial Institutions Rating System (or an equivalent rating by any such agency under a comparable rating system) as of the most recent examination of such institution by the Corporation or the appropriate Federal banking agency.

Notwithstanding paragraph (2)(C), in the case of an insured depository institution that the Corporation determines to be a large institution, the audit committee of the holding company of such an institution shall not include any large customers of the institution.".

SEC. 315. STATE REGULATION OF REAL ESTATE APPRAISALS.

Section 1122 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3351) is amended—

(1) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively;

(2) by inserting after subsection (a) the following new subsection:

"(b) RECIPROCITY.—The Appraisal Subcommittee shall encourage the States to develop reciprocity agreements that readily authorize appraisers who are licensed or cer-

tified in one State (and who are in good standing with their State appraiser certifying or licensing agency) to perform appraisals in other States."; and

(3) in subsection (a)—

(A) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C);

(B) by striking "A State" and inserting the following:

"(1) IN GENERAL.—A State"; and

(C) by adding at the end the following new paragraph:

"(2) FEES FOR TEMPORARY PRACTICE.—A State appraiser certifying or licensing agency shall not impose excessive fees or burdensome requirements, as determined by the Appraisal Subcommittee, for temporary practice under this subsection.".

SEC. 316. ACCELERATION OF EFFECTIVE DATE FOR INTERAFFILIATE TRANSACTIONS.

(a) HOME OWNERS' LOAN ACT AMENDMENT.—Section 11(a)(2) of the Home Owners' Loan Act (12 U.S.C. 1468(a)(2)) is amended by adding at the end the following new subparagraph:

"(C) TRANSITION RULE FOR WELL CAPITALIZED SAVINGS ASSOCIATIONS.—

"(i) IN GENERAL.—A savings association that is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act), as determined without including goodwill in calculating core capital, shall be treated as a bank for purposes of section 23A(d)(1) and section 23B of the Federal Reserve Act.

"(ii) LIABILITY OF COMMONLY CONTROLLED DEPOSITORY INSTITUTIONS.—Any savings association that engages under clause (i) in a transaction that would not otherwise be permissible under this subsection, and any affiliated insured bank that is commonly controlled (as defined in section 5(e)(9) of the Federal Deposit Insurance Act), shall be subject to subsection (e) of section 5 of the Federal Deposit Insurance Act as if paragraph (6) of that subsection did not apply.".

(b) REPEAL PROVISION.—Effective on January 1, 1995, subparagraph (C) of section 11(a)(2) of the Home Owners' Loan Act (12 U.S.C. 1468(a)(2)) (as added by subsection (a) of this section) is repealed.

SEC. 317. COLLATERALIZATION OF PUBLIC DEPOSITS.

Section 13(e) of the Federal Deposit Insurance Act (12 U.S.C. 1823(e)) is amended—

(1) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively;

(2) by striking "No agreement" and inserting the following:

"(1) IN GENERAL.—No agreement"; and

(3) by adding at the end the following new paragraph:

"(2) PUBLIC DEPOSITS.—An agreement to provide for the lawful collateralization of deposits of a Federal, State, or local governmental entity or of any depositor referred to in section 11(a)(2) shall not be deemed to be invalid pursuant to paragraph (1)(B) solely because of changes in the collateral made in accordance with such agreement.".

SEC. 318. ELIMINATION OF STOCK VALUATION PROVISION.

(a) IN GENERAL.—Section 39(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1831p-1(b)(1), as added by section 132(a) of the Federal Deposit Insurance Corporation Improvements Act of 1991) is amended—

(1) in subparagraph (A), by adding "and" at the end; and

(2) by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be construed to have the same effective date as section 39 of the Federal Deposit Insurance Act, as provided in section 132(c) of the Federal Deposit Insurance Corporation Improvements Act of 1991.

SEC. 319. EXPEDITED PROCEDURES FOR FORMING A BANK HOLDING COMPANY.

Section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)) is amended—

(1) in the second sentence, by striking "or (B)" and inserting "(B)"; and

(2) in the second sentence, by inserting before the period the following: "; or (C) with 30 days prior notification to the Board, the acquisition by a company of control of a bank in a reorganization in which a person or group of persons exchanges its shares of the bank for shares of a newly formed bank holding company and receives, after the reorganization, substantially the same proportional share interest in the holding company as it held in the bank (except for changes in shareholders' interests resulting from the exercise of dissenting shareholders' rights under State or Federal law) if, immediately following the acquisition, (i) the bank holding company meets the capital and other financial standards prescribed by the Board by regulation for such a bank holding company; (ii) the bank is adequately capitalized (as defined in section 38 of the Federal Deposit Insurance Act); and (iii) the holding company does not engage in any activities other than those of banking or managing and controlling banks".

SEC. 320. EXEMPTION OF CERTAIN HOLDING COMPANY FORMATIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933.

Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended by adding at the end the following new paragraph:

"(7) transactions involving offers or sales of equity securities, in connection with the acquisition of a bank by a company under section 3(a) of the Bank Holding Company Act of 1956, if—

"(A) the acquisition occurs solely as part of a reorganization in which a person or group of persons exchanges its shares of a bank for shares of a newly formed bank holding company with no significant assets other than securities of the bank and the existing subsidiaries of the bank;

"(B) the shareholders receive, after that reorganization, substantially the same proportional share interests in the bank holding company as they held in the bank, except for changes in shareholders' interests resulting from lawful elimination of fractional interests and the exercise of dissenting shareholders' rights under State or Federal law;

"(C) the rights and interests of security holders in the bank holding company are substantially the same as those in the bank prior to the transaction, other than as may be required by law; and

"(D) the bank holding company has substantially the same assets and liabilities as the bank had prior to the transaction.".

SEC. 321. REDUCTION OF POST-APPROVAL WAITING PERIOD FOR BANK HOLDING COMPANY ACQUISITIONS.

Section 11(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1849(b)(1)) is amended by inserting before the period at the end of the fourth sentence the following: "or, if the Board has not received any adverse comment from the Attorney General of the United States relating to competitive factors, such shorter period of time as may be prescribed by the Board with the concurrence of the Attorney General, but in no event less than 15 calendar days after the date of approval".

SEC. 322. REDUCTION OF POST-APPROVAL WAITING PERIOD FOR BANK MERGERS.

Section 18(c)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is amended by inserting before the period at the end of the last sentence the following: "or, if the agency has not received any adverse comment from the Attorney General of the United States relating to competitive factors, such shorter period of time as may be prescribed by the agency with the concurrence of the Attorney General, but in no event less than 15 calendar days after the date of approval".

SEC. 323. BANKERS' BANKS.

(a) OWNERSHIP BY BANKERS' BANKS.—

(1) Paragraph Seventh of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended in the eleventh sentence—

(A) by inserting "or depository institution holding companies (as defined in section 3 of the Federal Deposit Insurance Act)" after "(except to the extent directors' qualifying shares are required by law) by depository institutions"; and

(B) by striking "employees" and inserting "employees (also referred to as a 'bankers' bank')".

(2) Section 5169(b)(1) of the Revised Statutes (12 U.S.C. 27(b)(1)) is amended—

(A) by inserting "or depository institution holding companies" after "(except to the extent directors' qualifying shares are required by law) by other depository institutions"; and

(B) by striking "employees" and inserting "employees (also referred to as a 'bankers' bank')".

(b) OWNERSHIP BY SAVINGS ASSOCIATIONS.—Section 5(c)(4) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)) is amended by adding at the end the following new subparagraph:

"(E) BANKERS' BANKS.—A Federal savings association may purchase for its own account shares of stock of a bankers' bank, described in Paragraph Seventh of section 5136 of the Revised Statutes or in section 5169(b) of the Revised Statutes, on the same terms and conditions as a national bank may purchase such shares.".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) BANK HOLDING COMPANY ACT.—Section 3(e) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(e)) is amended by striking the second sentence.

(2) MANAGEMENT INTERLOCKS ACT.—Section 202(3)(D) of the Depository Institution Management Interlocks Act (12 U.S.C. 3201(3)(D)) is amended by striking "the voting securities" and all that follows through the end of the subparagraph and inserting "and is a bankers' bank, described in Paragraph Seventh of section 5136 of the Revised Statutes; or".

SEC. 324. BANK SERVICE CORPORATION ACT AMENDMENT.

Section 5 of the Bank Service Corporation Act (12 U.S.C. 1865) is amended—

(1) in subsection (a), by striking "the prior approval of" and inserting "prior notice, as determined by"; and

(2) in subsection (c), by inserting "or whether to approve or disapprove any notice" after "approval".

SEC. 325. MERGER TRANSACTION REPORTS.

Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)) is amended—

(1) in paragraph (4)—

(A) in the first sentence—

(i) by striking "General and the other two" and inserting "General, who shall promptly notify the other"; and

(ii) by inserting before the period "of any such proposed transaction that raises a significant competitiveness issue"; and

(B) in the second sentence, by striking "and the other two banking agencies"; and

(2) in paragraph (6), by striking "and the other two banking agencies".

SEC. 326. CREDIT CARD ACCOUNTS RECEIVABLE SALES.

Section 11(e) of the Federal Deposit Insurance Act (12 U.S.C. 1821(e)) is amended by adding at the end the following new paragraphs:

"(14) SELLING CREDIT CARD ACCOUNTS RECEIVABLE.—

"(A) NOTIFICATION REQUIRED.—An undercapitalized insured depository institution (as defined in section 38) shall notify the Corporation in writing before entering into an agreement to sell credit card accounts receivable.

"(B) WAIVER BY CORPORATION.—The Corporation may at any time, in its sole discretion and upon such terms as it may prescribe, waive its right to repudiate an agreement to sell credit card accounts receivable if the Corporation—

"(i) determines that the waiver is in the best interests of the deposit insurance fund; and

"(ii) provides a written waiver to the selling institution.

"(C) EFFECT OF WAIVER ON SUCCESSORS.—

"(i) IN GENERAL.—If, under subparagraph (B), the Corporation has waived its right to repudiate an agreement to sell credit card accounts receivable—

"(I) any provision of the agreement that restricts solicitation of a credit card customer of the selling institution, or the use of a credit card customer list of the institution, shall bind any receiver or conservator of the institution; and

"(II) the Corporation shall require any acquirer of the selling institution, or of substantially all of the selling institution's assets or liabilities, to agree to be bound by a provision described in subclause (I) as if the acquirer were the selling institution.

"(ii) EXCEPTION.—Clause (i)(II) does not—

"(I) restrict the acquirer's authority to offer any product or service to any person identified without using a list of the selling institution's customers in violation of the agreement;

"(II) require the acquirer to restrict any preexisting relationship between the acquirer and a customer; or

"(III) apply to any transaction in which the acquirer acquires only insured deposits.

"(D) WAIVER NOT ACTIONABLE.—The Corporation shall not, in any capacity, be liable to any person for damages resulting from the waiver of or failure to waive the Corporation's right under this section to repudiate any contract or lease, including an agreement to sell credit card accounts receivable. No court shall issue any order affecting any such waiver or failure to waive.

"(E) OTHER AUTHORITY NOT AFFECTED.—This paragraph does not limit any other authority of the Corporation to waive the Corporation's right to repudiate an agreement or lease under this section.

"(15) CERTAIN CREDIT CARD CUSTOMER LISTS PROTECTED.—

"(A) IN GENERAL.—If any insured depository institution sells credit card accounts receivable under an agreement negotiated at arm's length that provides for the sale of the institution's credit card customer list, the Corporation shall prohibit any party to a transaction with respect to the institution under this section or section 13 from using the list except as permitted under the agreement.

"(B) FRAUDULENT TRANSACTIONS EXCLUDED.—Subparagraph (A) does not limit the Corporation's authority to repudiate any agreement entered into with the intent to hinder, delay, or defraud the institution, the institution's creditors, or the Corporation.".

SEC. 327. LIMITING POTENTIAL LIABILITY ON FOREIGN ACCOUNTS.

(a) AMENDMENT TO THE FEDERAL RESERVE ACT.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 25B the following new section:

"SEC. 25C. POTENTIAL LIABILITY ON FOREIGN ACCOUNTS.

"A member bank shall not be required to repay any deposit made at a foreign branch of the bank if the branch cannot repay the deposit due to—

"(1) an act of war, insurrection or civil strife; or

"(2) an action by a foreign government or instrumentality (whether de jure or de facto) in the country in which the branch is located,

unless the member bank has expressly agreed in writing to repay the deposit under those circumstances. The Board may prescribe such regulations as it deems necessary to implement this section.".

(b) CONFORMING AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT.—

(1) IN GENERAL.—Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end the following new subsection:

"(q) SOVEREIGN RISK.—Section 25C of the Federal Reserve Act shall apply to every nonmember insured bank in the same manner and to the same extent as if the nonmember insured bank were a member bank.".

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 3(l)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)(5)) is amended to read as follows:

"(A) any obligation of a depository institution which is carried on the books and records of an office of such bank or savings association located outside of any State, unless—

"(i) such obligation would be a deposit if it were carried on the books and records of the depository institution, and would be payable at, an office located in any State; and

"(ii) the contract evidencing the obligation provides by express terms, and not by implication, for payment at an office of the depository institution located in any State; and".

(c) EXISTING CLAIMS NOT AFFECTED—Section 25C of the Federal Reserve Act (as added by subsection (a)) shall not be applied retroactively and shall not be construed to affect or apply to any claim or cause of action addressed by that section arising from events or circumstances that occurred before the date of enactment of this Act.

SEC. 328. AMENDMENTS TO OUTDATED DIVIDEND PROVISIONS.

(a) WITHDRAWAL OF CAPITAL.—Section 5204 of the Revised Statutes (12 U.S.C. 56) is amended—

(1) in the second sentence, by striking "net profits then on hand, deducting therefrom its losses and bad debts" and inserting "undivided profits, subject to other applicable provisions of law"; and

(2) by striking the third sentence.

(b) DECLARATION OF DIVIDENDS.—Section 5199 of the Revised Statutes (12 U.S.C. 60) is amended—

(1) in the first sentence, by striking "net profits of the association" and inserting "undivided profits of the association, subject to the limitations in subsection (b),";

(2) by striking "net profits" each subsequent place such term appears and inserting "net income"; and

(3) by striking subsection (c).

SEC. 329. ELIMINATION OF DUPLICATIVE DISCLOSURES FOR HOME EQUITY LOANS.

Section 4(a) of the Real Estate Settlement Procedures Act (12 U.S.C. 2603(a)) is amended by adding at the end the following: "In the case of a federally related mortgage loan secured by a subordinate lien on residential property, disclosures made under section 127A(a) of the Truth in Lending Act may be used in lieu of the disclosures required under this section if—

"(1) the disclosures made pursuant to such section 127A(a) contain all of the information that is required under this section; and

"(2) the information is disclosed in a manner that is no less conspicuous than is required under this section.".

SEC. 330. REPORT ON CAPITAL STANDARDS AND THEIR IMPACT ON THE ECONOMY.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury, after consultation with the Federal banking agencies, shall report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives on the effect of the implementation of risk-based capital standards on—

(1) the safety and soundness of insured depository institutions; and

(2) the availability of credit, particularly to consumers and small business concerns.

(b) RECOMMENDATIONS.—The report required by subsection (a) shall contain any recommendations that the Secretary of the Treasury considers relevant.

SEC. 331. STUDIES ON THE IMPACT OF THE PAYMENT OF INTEREST ON RESERVES.

(a) FEDERAL RESERVE STUDY.—Not later than 180 days after the date of enactment of this Act, the Board of Governors of the Federal Reserve System, in consultation with the Federal Deposit Insurance Corporation, shall conduct a study and report to Congress on—

(1) the necessity, for monetary policy purposes, of continuing to require insured depository institutions to maintain sterile reserves;

(2) the appropriateness of paying a market rate of interest to insured depository institutions on sterile reserves or, in the alternative, providing for payment of such interest into the appropriate deposit insurance fund;

(3) the monetary impact that the failure to pay interest on sterile reserves has had on insured depository institutions, including an estimate of the total dollar amount of interest and the potential income lost by insured depository institutions; and

(4) the impact that the failure to pay interest on sterile reserves has had on the ability of the banking industry to compete with nonbanking providers of financial services and with foreign banks.

(b) BUDGETARY IMPACT STUDY.—Not later than 180 days after the date of enactment of this Act, the Director of the Office of Management and Budget and the Director of the Congressional Budget Office, in consultation with the Committees on the Budget of the Senate and the House of Representatives, shall jointly conduct a study and report to the Congress on the budgetary impact of—

(1) paying a market rate of interest to insured depository institutions on sterile reserves; and

(2) paying such interest into the respective deposit insurance funds.

SEC. 332. STUDY AND REPORT ON STREAMLINED LENDING PROCESS FOR CONSUMER BENEFIT.

(a) STUDY.—During the 12-month period beginning on the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Secretary of Housing and Urban Development shall conduct a study of ways to improve the home mortgage, small business, and consumer lending processes, consistent with the principles of safety and soundness, so as to—

(1) reduce consumer burdens, inconvenience, cost, and delay; and

(2) minimize cost and burdens on insured depository institutions, credit unions, and other lenders.

(b) COMMENTS.—In conducting the study under subsection (a), comments shall be solicited from consumer groups, insured depository institutions, other lenders, and any other interested parties.

(c) REPORT.—Not later than 12 months after the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Secretary of Housing and Urban Development shall submit a joint report to the Congress indicating any legislative changes necessary to improve the home mortgage, small business, and consumer lending processes and including a summary of comments received pursuant to subsection (b).

SEC. 333. REPEAL OF OUTDATED CHARTER REQUIREMENT FOR NATIONAL BANKS.

Section 5170 of the Revised Statutes (12 U.S.C. 28) is repealed.

Amend the title so as read: "A bill to facilitate the establishment of community development financial institutions, to provide consumer protections for high cost mortgages, to encourage investment in and lending to small businesses, to improve the regulation of depository institutions, and for other purposes.".

The PRESIDING OFFICER. Who seeks recognition?

The Chair recognizes the Senator from Michigan [Mr. RIEGLE].

Mr. RIEGLE. Mr. President, under the standing order we are now moving to S. 1275, the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1995.

I will shortly begin a description of that bill. At the end of my remarks I will ask unanimous consent to have a letter from Treasury Secretary Bentsen and other supplementary materials printed in the RECORD.

This is an important day for the country, that we have a chance to bring this bill to the Senate floor. I thank the majority leader for allowing us this spot in the schedule, to be able to present it to the Senate and move it through, I hope, quite expeditiously so we can get into conference and get this into law before this year is over.

The bill we have before the Senate now incorporates a number of provisions that are designed to foster community development, such as we have just heard; to also, importantly, encourage lending to small business, because we know that is such an important engine of growth in this country, and of job creation. And also to target and eliminate unnecessary paperwork and redundancy within our financial system. Also in order to deal with some specific problems, to put in place some consumer protections that are also needed to prevent some abuses we have uncovered that we think need to be dealt with directly.

As I have said, the committee worked together in a bipartisan fashion to craft this bill. We have also worked closely with the Clinton administration, and I thank them for their cooperation. I think this teamwork effort is reflected in the overwhelming bipartisan support that this bill received in the Banking, Housing, and Urban Affairs Committee. We reported this bill out favorably by a vote of 18 to 1. I repeat that, by a vote of 18 to 1. I am very proud of the strength of the bipartisan support it achieved.

I particularly commend Senator D'AMATO, the ranking Republican, for his leadership and input in developing this legislation. We have worked together on a vast number of issues in the committee. That is the approach we take. We have done that here. We have crafted a bill we both strongly support and I thank him for his leadership, and his staff as well.

Let me now briefly describe the provisions of the bill. Let me start with community development.

The first title of the bill addresses the issue of community development and consumer protection. It is aimed at revitalizing distressed communities by helping to enlarge and strengthen the capacity of local community development institutions and to improve the access of capital into these institutions. It will create the community development financial institutions fund. That fund will promote revitalization of our distressed communities by providing financial and technical assistance to new and to existing community development financial institutions.

The fund will be directed by an administrator appointed by the President and confirmed by the Senate. A 5-member advisory board will consist of representatives of community groups, local and regional governments, community development organizations, and the banking industry itself.

The bill authorizes $382 million over 4 years to carry out this program. The money can be used for small business, commercial, and community facilities, basic financial services where they do now not exist or are very expensive and out of the reach of many people, and also low-income housing, if that is not provided by other area housing lenders.

Banks and other financial institutions and Government entities will be able to play a very important role in this initiative. Together with community development financial institutions, existing commercial banks and others will be able to submit joint applications for assistance called community partnerships. Federal funds, however, may only go to the community development financial institution itself.

A community development subsidiary owned by banks or by thrifts or both may qualify, provided that no one company owns more than 25 percent of its voting shares.

So we facilitate a partnership arrangement with the existing financial system, to the extent they want to participate in this way, but it reaches out to those community entities like the one that brought into being the South Shore Bank in Chicago and others, to enable an additional level of infusion of financial activity and capital down to the grassroots where it is so badly needed.

I might just say, I believe strongly in the free enterprise system. I have seen it work any number of times. But in order for it to work you have to be able to take a good idea and a good team of people and to be able to get access to capital so you can actually put your idea to work.

If the credit facilities are such that you are strangled before you ever start because you cannot establish a normal financial relationship, particularly with a startup entity, very often, particularly in depressed areas, inner-city urban areas, and even rural areas, you have ideas that could take hold and create new economic activity and job creation, but they never happen because of the absence of credit facilities and the absence of financing.

We want to change that. We want to take and infuse more capital into areas where capital has been missing.

Another part of this bill that I will describe in a minute has to do with the securitization of small business loans. That is aimed at exactly the same problem because we feel—and Senator D'AMATO has led this particular effort—but if we can find a way to take and make more small business loans, securitize those loans, and sell them off in a secondary market, we can hook up a source of investment capital and bring that in to underserved areas and to give the free enterprise and the capitalistic system a chance to work because people will be able to have the money they need to actually put good ideas to work. So this is something that is very important. It goes right to the center of validating our entire economic system.

Title I, as I mentioned, also includes a provision amending the Truth in Lending Act to provide new consumer protections for certain second mortgages that have carried with them exceptionally high fees or interest rates. The bill defines these second mortgages that fall into that category as "high-cost mortgages."

On February 17 of this year, we had a hearing in the Banking Committee,

and witnesses then testified that homeowners in low-income minority communities have been deliberately targeted for abusive lending practices. Our legislation requires lenders to make a separate disclosure when they are offering high-cost mortgages that contain annual interest rates, monthly payments and a warning that the borrower could lose his or her home.

What this deals with is what is called reverse redlining where some unscrupulous lenders were going into areas, offering second mortgages at rates as high as 17 percent, or higher, knowing full well that the person taking that loan could never pay it back and, in due course, would have to default on the loan and enable them, the lender, to take that property in foreclosure and make a huge profit.

We do not want the system operating that way. So this is an effort to try to, in a balanced fashion, deal with that abuse with respect to high-cost second mortgages.

So the disclosure would have to be provided at least 3 days before the settlement, creating an additional cooling-off period so that consumers have an opportunity to see what is involved here and not get swept up in a high-pressure sales pitch and, the next thing they know, be locked into a financial arrangement that will devastate them and literally take their home right out from under them.

The bill generally prevents lenders from including certain terms that have caused problems, such as prepayment penalties, in these high-cost mortgages. The Federal Reserve has given authority to exempt loans from these provisions, however, if, in their view, it is in the interest of the borrowing public.

Finally, the bill transfers liability in connection with high-cost mortgages from the originator to any subsequent purchaser of the loan. This provision is essential to make the market police itself.

Next, let me move to the small business section which is contained in title II. The small business capital formation section contains two provisions designed to ensure that small businesses will have access to the credit that they need to come into existence, grow, and create jobs.

First, title II includes S. 384. That is a bill introduced by Senator D'AMATO to facilitate the securitization of small business loans. Back in 1984, Congress enacted legislation to promote the securitization of home mortgages. Most observers now believe that securitization of residential mortgages has served over the intervening years to increase the supply of capital to home buyers, ensuring a continuous supply of that capital and also bringing down the cost. It is a more efficient market and is a way for capital to get to that kind of investment form. And so people wanting to have home mortgages have greatly benefited in the process.

Senator D'AMATO, and other Senators, introduced a bill intended to develop a secondary market for small business loans similar to that for these residential mortgages. This provision, with modifications, is now incorporated in the bill.

Under this legislation, financial institutions can originate loans to small businesses and then sell them to an entity that would issue securities to investors. The bill makes changes to Federal securities laws that parallel the 1984 statute. These would allow issuers sufficient time to pool and sell securities and to file a single registration statement with the SEC.

The bill also changes bank capital requirements for small business loans to "without recourse." That is, where the bank remains liable for a portion of any losses on the loan.

The committee worked with the Federal bank regulators and the Treasury Department to develop an approach that will facilitate securitization of small business loans while maintaining bank safety and soundness.

In fashioning this legislation, the committee was mindful that banks are losing market share in the area of small business lending, and that is not helping anyone. A Government-sponsored enterprise to securitize small business loans could lead to a standardization of product and that could further move business out of the banking industry.

The legislation approved by the Banking Committee does not create such a Government-sponsored enterprise. Instead, it removes a number of regulatory impediments to the development of a secondary market by the private sector. While standards may converge as the market develops, the committee has not sanctioned—I emphasize, has not sanctioned—any Government-sponsored uniformity in small business lending. We realize how crucial bank financing is to small and startup businesses, and we want commercial banks to continue to be players in this market. This is designed to help them do exactly that.

Title II also includes S. 478. That is a measure providing Federal assistance for State capital access programs. Fourteen States have adopted capital access programs. These programs encourage banks to make loans to small- and medium-size businesses that they might not otherwise make. Lenders may choose to participate in a program. For each loan enrolled in a program, the bank and the borrower contribute to a loan reserve fund. The State then matches the contribution of the bank and the borrower. The loan loss reserve fund protects the lender against loss on the loan. Participating lenders assume the risk of loss on their loans if the losses exceed the total contribution to the reserve funds.

Unlike a guarantee program, the Government is not exposed to the risk of the entire loan. The bill authorizes $50 million in Federal funds to match State contributions to capital access programs. This will help States that already have such programs and encourage other States to adopt such programs. The Federal role would be limited to certifying State programs for participation, receiving reports and matching State contributions.

Finally, title III of this bill contains a number of directives to the bank regulatory agencies to require them to improve the way they carry out their functions. Our goal is to harmonize and to simplify the regulatory mandates that are now imposed by multiple bank regulatory agencies.

Under this bill, for example, within 2 years, examinations will be coordinated and each institution and its affiliates will receive a unified exam conducted by just one regulator.

Now we have a situation where as many as four regulators are in the act. I have been told stories of individual institutions where you have three different regulators all on site at the same time, all doing different kinds of examinations according to different standards. It is costly, it is time consuming, it is confusing, it is burdensome and it is time to change it, and we change it in this respect in this bill.

We think that that is going to eliminate the cost to banks of these duplicative exams. Each agency has to establish a regulatory appeals process. Also within 2 years, the Federal banking agencies must conduct a top-to-bottom review of regulations, removing inconsistent, outmoded and duplicative mandates. New regulations will not be issued without the scrutiny of the administrative burden that they may create, and this is particularly a problem for smaller institutions who just do not have the margins to carry a lot of burdensome regulatory requirements that, in the end, are not needed.

The current system of four different agencies adopting four different guidelines on the same subject will come to an end. I happen to think we also ought to consolidate those agencies into a single entity. We are doing that on a separate track, coming down that track with a proposal within the committee. That would be a major institutional advance with respect to consolidation. But until we achieve that goal, and even with whatever final form we get there, it is very important this administrative simplification and streamlining take place.

The bill also contains numerous amendments to existing laws that will reduce the paperwork and unnecessary regulatory burden with which banks must now cope. For example, institutions with assets of less than $100 mil-

lion are currently exempt from the requirement of annual inspection and instead may be examined on an 18-month cycle. Title III raises that threshold from $100 million to $250 million. Call reports no longer need to be published in local newspapers. Loans that are made for commercial, agriculture, and governmental purposes are exempted from the forms required under the Real Estate Settlement Practices Act.

In addition, title III calls for study of risk-based capital standards, sterile reserves, and burden in the consumer loan process. A number of these provisions are drawn from Senate bills 265 and 1124 introduced by Senators SHELBY, MACK, D'AMATO, DOLE, BRYAN, SASSER, and others.

It is fair to say that virtually all the members of the committee have had input into these provisions. The package has, as I said earlier, the full support of the Clinton administration. Secretary of the Treasury Bentsen applauded the regulatory reform provisions of the bill as a very reasonable and sensible approach and one that does not go overboard. As he noted, the aim of these provisions is to remove outmoded and outdated and sometimes excessive restrictions on our financial system.

The measures in the bill reflect a thorough review and balancing to eliminate unnecessary restrictions while at the same time maintaining effective supervision—most importantly, the safety and soundness of the banking system, protection of the bank insurance fund, and appropriate consumer protections.

Any actions that hinder effective bank regulation or undermine bank safety and soundness may save the banks some money today but at the risk of causing potentially severe losses to the insurance fund tomorrow, and we draw that line very clearly, and we do not want to cross that line.

This bill is a major step toward eliminating the duplicative and inconsistent regulation that increases costs for consumers and undermines support for essential regulation in this area.

Again, I wish to thank all the members of the committee for their cooperation, particularly my ranking member, Senator D'AMATO, for their very solid bipartisan cooperation in drafting and reporting out this legislation.

I will shortly yield to my colleague from New York. After he has spoken, I will seek recognition for the purpose of describing and moving the adoption of a managers' amendment. The managers' amendment contains a number of improvements to the bill agreed to by Senator D'AMATO and myself as well as other Senators.

Mr. President, I yield the floor at this point.

The PRESIDING OFFICER. Who seeks recognition?

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York [Mr. D'AMATO].

Mr. D'AMATO. Mr. President, I am going to open with a short statement as it relates to this bill, and then I am going to speak to another subject that literally has come to my attention just this morning but obviously concerns banking, banking institutions, regulatory authorities, and the appropriateness of the conduct of the Treasury Department and maybe others as it relates to the responsibility of these independent agencies.

Mr. President, I rise today in support of S. 1275, the Community Development, Credit Enhancement, and Regulatory Improvement Act.

Throughout our country there are communities in decline because of a lack of capital and credit. In hearings before the Banking Committee last year, we heard testimony that community development banks can provide a powerful tool to reestablish neighborhoods and turn decay into prosperity by providing a combination of loans, seed capital, and technical assistance.

Rural farm communities can also benefit from community development financial institutions through the provisions of farm loans and development capital.

Title I of this legislation is designed to assist in the establishment and funding of community development financial institutions. It establishes a community development financial institutions fund that will make grants, loans, and technical assistance to local financial institutions. These local institutions can be insured banks, savings and loans, low-income credit unions, or other community lending organizations. However, in all cases, the institution must have, as its primary mission, the promotion of community development.

Assistance given by the fund, other than technical assistance, must be matched by non-Federal dollars. Generally, except for certain hardship instances, the matching requirement will require $1 of non-Federal funds for each $1 of Federal assistance.

This matching requirement is an extremely important safeguard. It ensures that the private sector or local Government agency is willing to risk its own resources on the viability of the institution selected for Federal funding. The matching requirement provides a second opinion as to the need for and likely success of the institution's planned use of the Federal assistance. The matching requirement should go a long way toward eliminating some of the waste associated with prior efforts to revitalize our distressed communities.

Under the bill as reported, a traditional bank or savings association may become a partner with a community development financial institution, or it may hold up to a 25 percent interest in such an institution. However, a traditional bank or savings association may not apply directly or have a wholly owned subsidiary that qualifies for this program. However, a traditional bank or thrift association may control up to 25 percent of the voting shares of a community development financial institution that qualifies for assistance under this act.

Title I of the bill also contains provisions relating to mortgage lending practices that in certain circumstances have lead to consumer abuses. The Banking Committee held hearings on the reverse redlining problem—unscrupulous lenders who were targeting the poorest consumers for high interest rate home equity loans. We heard from witnesses who were tricked into taking high interest rate loans, often with large up front fees. Many of these consumers were elderly people who were facing the loss of their homes due to these high cost mortgages.

Last year, Senator RIEGLE and I introduced the Home Ownership and Equity Protection Act of 1993, to deal with this problem. That bill has largely been incorporated into this legislation as subtitle B of title I.

Subtitle B provides additional consumer protection for nonpurchase money mortgage loans that either has an interest rate of 10 points or more above comparable Treasury rates, or that involves the payment of up front fees of 8 percent or more.

Before the consumer goes to settlement on a mortgage that meets either of these tests, the lender must make certain disclosures, including the fact that the borrower may lose his or her home. These disclosures must come at least 3 days before settlement.

One important feature of the bill provides that if a loan is sold, the consumer may raise the same legal defenses against the buyer of the loan that he or she could have raised against the original lender. Hopefully, this will force the secondary market to refuse to deal with unscrupulous lenders who engage in fraudulent practices, or who do not make the required disclosures.

Subtitle B also provides the Federal Reserve Board with some flexibility to make exceptions from the prohibitions in the bill. However, exceptions may only be made if the Fed finds that it is in the interest of the borrowing public and will only apply to products that strengthen home ownership and equity protection.

The Federal Reserve Board is required to prohibit any act or practice in connection with these mortgages that the Board finds to be unfair, deceptive, or designed to evade the act. I expect that the Board will use this authority to restrict or prohibit lending practices associated with these loans

that have led to abuses in the marketplace.

Subtitle A of title II of this legislation contains the Small Business Loan Securitization and Secondary Market Enhancement Act of 1994. I introduced this bill (S. 384) last year with strong bipartisan support from my colleagues who recognize the importance of facilitating the flow of credit to our Nation's small businesses.

Over the past several months, Chairman RIEGLE and I have worked together along with the administration and the bank regulators to improve this legislation. As a result, the small business loan securitization bill has the support of the administration, the bank regulators, and the banking and securities industries.

While small businesses have been starved for credit, there is no credit crunch for home buyers. This is because we have a strong secondary market in residential mortgages that facilitates the flow of credit from the capital markets to those who want to finance a home.

In 1984, Congress removed regulatory impediments to selling securities backed by pools of residential mortgages by enacting the Secondary Mortgage Market Enhancement Act [SMMEA].

The Small Business Loan Securitization and Secondary Market Enhancement Act of 1994 extends the 1984 law to small business loans and encourages capital market investment in securities backed by small business loans. Title II simply removes unnecessary legal barriers in the securities, banking, pension and tax laws to facilitate the sale of securities backed by small business loans.

The development of a secondary market in small business loans will help bankers, small business borrowers, and investors alike.

Banks will be able to originate more small business loans without having to raise additional capital because the loans will be sold to investors rather than kept on the bank's books.

Small businesses will gain access to the capital markets—making more credit available at lower prices.

Institutional and individual investors will be able to fund small businesses by purchasing investment grade securities backed by small business loans.

I want to stress that this legislation does not create a new Federal agency to guarantee these securities and does not put the taxpayers on the hook for potential losses on these securities. Instead, these securities will be sold by the private sector and will be backed by the pools of small business loans and other credit enhancements provided by the issuer of the securities.

Subtitle B of title II also encourages small business lending by providing for Federal funds to be devoted to State capital access programs. These capital access programs give banks flexibility to make riskier—but prudent—loans to small businesses. The program provides for a reserve fund, consisting of payments made by the borrower, the lender and the State, to protect the bank against losses on the loan. To help States that already have capital enhancement programs in place and to encourage other States to develop these programs, the bill provides that States will be reimbursed for 50 percent of their payment.

I am particularly pleased to have been able to ensure that a highly successful program in New York City, the Small Business Reserve Fund, will also be entitled to participate in this program. It is my understanding that the Small Business Reserve Fund has helped disburse at least 56 loans for a total of $2.9 million since its inception in January 1993. I expect that S. 1275 will go a long way toward enabling the Small Business Reserve Fund, and other similar programs, to greatly increase their loan disbursements.

Title III of this legislation incorporates provisions from a number of bills that had been introduced concerning the regulatory burden currently placed on our insured financial institutions, as well as recommendations made by the Federal banking agencies and the Federal financial institutions examination committee's study on regulatory burden. These changes should significantly lower the costs of doing business for financial institutions while maintaining the safety and soundness of our regulatory system. The costs saved by this title should result in increased lending by our insured institutions, especially for the consumer and small business sectors of our economy.

Mr. President, in summary, this bill contains many important provisions that will provide meaningful assistance to disadvantaged urban and rural communities, small businesses, and consumers. The other body has already acted on a companion bill, and I hope that we can pass this measure out of the Senate and proceed to a conference as soon as possible. This legislation is important to our country and to our economy. It should not be delayed.

Mr. President, I think this is a good bill. There may be certain aspects of the bill that Members may not be entirely pleased with, but I say to those of my colleagues on the Republican side who are concerned that this is more Federal spending, that they will lose these dollars, that they will not be administered well as it relates to community development facilities, there has been an attempt to deal with that by requiring a local match, dollar for dollar, so that there will be accountability and, hopefully, with proper supervision we can create opportunity for growth in communities that do not ordinarily get an opportunity for capital when it is so badly needed, capital that is the engine of economic growth in this country, capital that should be made available to minority communities and the small business community that is often difficult, if not impossible, to get.

Second, I think probably that area of the bill which gives deep concern to me is the fact that we do not have adequate markets for capital to the small business community and, therefore, by the securitization of small business loans, we will make available capital to small businesses throughout America that heretofore has not been made available. Without spending one penny of taxpayers' dollars, we really have the opportunity to leverage the amount of money that banks are putting out now to small businesses by six to seven times, at no risk to the Federal Treasury, by permitting securitization. We did that back in 1984 with home mortgages, and to date people can get mortgages because of the securitization.

We are doing the same thing here. We will provide an opportunity for the marketplace to work and to create dollars that otherwise would not flow.

If anyone goes in, and, yes, if it is empirical or anecdotal information, you will find that small business loans are difficult, if not impossible, to get today. If you want to get jobs and the creation of jobs for people, I would suggest to you let us give the fuel to the engine of economic growth, and that fuel is capital that is now being denied and not available because banks are just simply not going to do it because of the cost and time, et cetera. Let them be able to securitize that, pool these loans, sell them on the secondary market, and I think you will see a tremendous increase in jobs in this country next year, absolutely, just through this technique. So I commend it to my colleagues.

Let me say I wish to thank Senator RIEGLE in using his position to craft together a bill that I think really makes a lot of sense, and this was a bipartisan effort. I commend the Senator for helping us to achieve this, and also Senators SHELBY, MACK, and others who have encouraged important paperwork reduction to get the monkey off the backs of business, in this case the banks, that are being impeded by unnecessary regulations.

Mr. BRADLEY. Mr. President, barely a year has passed since I rose on this floor to introduce my urban community-building initiative, eight bills designed to give creative people in communities at the heart of the turmoil the tools to rebuild strong, supportive communities. We sought to give children a safe and nurturing environment, to help communities repair themselves, to help individuals find and get to jobs, to help poor people develop assets for the future, and to restore strong finan-

cial institutions that help communities save their own money, invest, borrow, and grow.

A year later, we are beginning to see communities pull together around their applications to become empowerment zones and enterprise communities, through which we will invest $1 billion for six of the innovative programs I proposed. One of the programs to give children a better chance in life, Community Schools, passed the Senate in the crime bill and is progressing through the House. And today we are finally passing legislation to bring basic financial institutions back to impoverished cities and rural areas, along the lines of the Community Capital Partnership Act that I introduced a year ago.

Most of us take basic financial institutions for granted. We have savings and checking accounts, our bank lends our money to businesses in our communities, and we borrow ourselves when it comes time to buy a home or we have an inspiration to start a new business. But in most American cities, the only financial institution they know is the check-cashing cubicle, which charges up to 5 percent just to cash a government check, and takes the money back out of the community. People who want to save have nowhere to go and businesses have no access to capital. Within the 165 squares miles that make up the areas most affected by the disorders in Los Angeles in 1992, there are 19 bank branches, as compared to 135 check cashing establishments.

People who want to borrow have even fewer opportunities. They can buy a car or furniture on time, or on a rent-to-own plan, but if they want to borrow to get ahead by starting a small service business or a store, they are out of luck.

The McNeil-Lehrer Newshour recently interviewed some ambitious entrepreneurs in rural Arkansas, one of them a woman named Jesse Pearl Jackson, who owns a beauty salon. She needed a loan for new equipment, and when she went to a bank, she says the loan officer—

> laughed me clean out the door. She said, "You want money for what?" She said, "You don't walk in here and ask me for an application for a loan. That's not the way you do it." I said, "Well, if you'll tell me what to do, then I'll come back, and I'll do it right the next time." She was laughing so hard and making fun of me so bad I never went back.

There is money to be made here, for any bank willing to take entrepreneurs like Ms. Jackson seriously, but large financial institutions without roots in the community are unlikely to see those opportunities.

But there are islands of hope for people who want to save and invest in troubled communities. Last year, I visited La Casa de Don Pedro, which operates a credit union in a very poor section of Newark. La Casa is a multipurpose community organization that just happens to have a credit union. While I was there, a stream of members poured into the small building which houses the credit union, day care center, and other programs, depositing $20, $50, and $100 at a time. I did not see any banks in the vicinity of La Casa. If it were not for the credit union, many of the community's residents would have no place to deposit their money, secure small loans, or take advantage of other services we often take for granted.

Community credit unions and banks may start small, but they don't have to stay small. Over the last 20 years, Shorebank of Chicago has shown the world that a financial institution that is committed to community development can lead a community back from the brink of economic and social decline. Since 1973, it has made $340 million in development financing, mainly for the purchase or rehabilitation of housing units in Chicago's South Shore neighborhood. Through its various subsidiaries and affiliates, it has been an active force in the revitalization of the South Shore. Shorebank has used a subsidiary, City Lands Corp., to make high-risk loans for housing development. It has used a nonprofit affiliate, the Neighborhood Institute, to help disadvantaged residents achieve their GED's, start up small businesses, and train for jobs available in the community. It has used its depository institution, South Shore Bank, to make loans to people seeking to renovate apartment buildings and establish small businesses that generate jobs in the community.

Full-fledged banks like Shorebank are the best known of the community development financial institutions, but we cannot expect that every community will grow an institution as large and well-capitalized as Shorebank and do so over night. At my urging, this legislation not only addresses banks, but also community development credit unions, revolving loan funds, microloan funds, and community development corporations. All these emerging institutions would be eligible for assistance under this bill, and I am pleased and I salute the chairman, Senator RIEGLE, for his agreement to increase funding for a revolving loan fund for Community Development Credit Unions, giving them immediate access to capital so they can grow.

One of the best examples of a community-building institution that is not a bank, but has nonetheless responded to the need for capital and savings, is New Community Corp. in Newark, NJ. New Community Corp. was formed in the wake of the Newark riots of 1967. Over the last 25 years, it and its subsidiaries have developed over 2,500 housing units, 25,000 square feet of office space, and an $11 million extended care facility. New Community has also built a $15 million shopping center, which contains Central Newark's only major grocery store built since 1967.

New Community's founder, Msgr. William Linder, testified last year before Congress:

> I have seen bank branch after bank branch close because the bank did not find serving our community profitable. There was always the same trend. Managers were frequently changed, service became poor, the facility was always dirty. Frankly, no one in authority cared about our community.

But instead of giving up hope, Monsignor Linder and others started a credit union. He now presides over a credit union with about $1.7 million in assets that provides basic banking services to community residents. Last year, New Community's credit union made 165 loans, mainly to poor residents of Newark's Central Ward. Basic banking services like check cashing, consumer loans, and savings accounts are taken for granted by a lot of people, but in places like the central ward of Newark they have become scarce and prized resources. Like Shorebank, New Community, in its own way, has recreated opportunities for its community.

This bill does not, and should not, seek to create organizations that will be perpetually dependent on government for support. Instead, it seeks to reach in at a point of leverage in capital-starved communities and get them started. It does not set development strategies for either the institutions or the communities they serve. Instead, it lets those involved in the struggle for economic recovery find their own path.

I am pleased that there has been such widespread support for the idea of expanding community financial institutions, even though it is a relatively new idea to many people. I still hear some wariness, though, about this investment from people who argue that poor people do not save and that distressed communities do not have the resources to support economic development.

The evidence contradicts this cynical view. In Paterson, NJ, last year, I visited one of the few banks that had not left that city. I struck up a conversation with a customer, who volunteered that she was depositing $100. Surprised, I asked her how much she generally saved in a week. She told me that she and her husband had five children and earned $20,000 last year, below the poverty line. But even on this income, they saved $3,000 that year, for health emergencies, for college, or to give their children a chance at a better life. Their experience tells me that saving for the future is a fundamental value of cur country, not limited to the middle class, and that if we all had access to the institutions that make capitalism work, we could all be a part of vital, self-sufficient communities.

Mr. RIEGLE. Mr. President, I appreciate the statement of the Senator

from New Jersey [Mr. BRADLEY] for his interest and leadership in this area. We have made very good progress, but with the help of a number of Senators on a bipartisan basis, and particularly my ranking minority member, Senator D'AMATO. I will have more to say about that shortly.

I acknowledge and thank Senator BRADLEY for his important contribution in this area.

PRIVILEGE OF THE FLOOR—S. 1275

Mr. BRADLEY. Mr. President, I ask unanimous consent that privilege of the floor be granted to the following member of the chairman of the Banking Committee's staff: Kay Bondehagen, during the pendency of S. 1275.

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

WHITEWATER AND MADISON

Mr. D'AMATO. Mr. President, there has been a lot said, and I think a lot more to be learned, on the situation of Whitewater and Madison. I look today and find out something that I suspected may have been taking place, and that suspicion today is given greater fuel by the article that I read today in the New York Times, March 16, 1994, by Stephen Labaton. I am going to read part of it, just part of it:

Clinton administration officials last year rejected a recommendation by a senior regulator to open a Treasury Department investigation into the failed savings and loan association owned by President Clinton's former partner in the Whitewater venture, Government and Congressional offices said today.

The request to open a broad investigation of the savings institution was made by Brian McCormally, the top enforcement official for the Midwest Division of the Office of Thrift Supervision, which is part of the Treasury Department.

The article goes on—I am not going to read it verbatim—to say:

The two agencies have overlapping jurisdictions—

That is, the RTC, and the OTS, have overlapping jurisdiction.

and often conduct separate investigations into failed savings associations. But the Thrift Supervision Office has a larger staff and greater enforcement powers and has handled many of the most significant investigations of savings associations and their lawyers and accountants.

Government officials and Congressional aides said the request was turned down last fall by Mr. McCormally's supervisors in Washington, Carolyn Lieberman, acting counsel to the thrift supervision office, and Jonathan Flechter, acting director of the office. They report to senior political appointees at the Treasury Department, and rarely make major decisions without high-level consultations.

William E. Fulwider, the spokesman for the Office of Thrift Supervision, declined to discuss the case or to say whether its officials had consulted the Treasury Department.

As enforcement director for the Midwestern region of the Office of Thrift Supervision, Mr. McCormally oversees enforcement efforts against savings associations in 23 states, including Arkansas. He is best known as the Federal regulator who supervised the inquiry into Neil Bush, a son of former President George Bush, who settled charges of conflict of interest over his role in the Silverado Banking, savings and Loan Association in Denver.

Officials said Mr. McCormally asked his superiors in Washington last fall for permission to look into the collapse of Madison. It is unclear whether he made the request before or after the meetings between Treasury and White House officials concerning the Resolution Trust Corporation's inquiry.

The Office of Thrift Supervision regulates the savings industry, and the trust corporation handles savings institutions that have been seized and bailed out by the Government. The thrift supervision office, created in 1989, also has many records from its predecessor agency, the Federal Home Loan Bank Board, and officials said it had many of Madison's files from the 1980's.

Mr. President, I asked this question yesterday during what was supposed to be a talk show. But it was like putting—in the old gladiator days—people in the midst of an arena. It was an arena setting. I was one of the participants.

Today, in America, the people have a right to take their opinions and make them known.

If George Bush were President, and the matter as it relates to Madison Guarantee concerned him, the same situation, and he were here, would the Congress of the United States say that it was not important to hold hearings? We held hearings on the House side as it relates to George Bush's son, Neil. The Banking Committee chairman, Mr. GONZALEZ, had no problems. And, yes, there were Federal investigations undertaken.

None of us suggest that we just go forth willy-nilly with hearings without giving the special counsel the opportunity to interview those witnesses first, as we suggested with him. And we said that with something that important to him we would not grant immunity to witnesses, that we would do it in the manner in which it would be less detrimental to his case.

But the facts have dribbled out, and are dribbling out. Most recently we have these alarming allegations in the New York Times. Mr. Fiechter was before our committee. I guess it would have taken a great act of courage on his part to indicate about this because he knew that we were concerned. We did not ask him the precise question as to whether or not he ever consulted with people as it related to the Treasury Department. But he could have raised it as it related to the White House.

But this situation obviously cries out. We now have one of the independent regulators that came in and had meetings which were, at the very least, inappropriate. I am talking about the RTC. Then when we find out that the OTS, and the same enforcement official who handled President Bush's son's matter, was not permitted to go forward. I suggest to you that Congress has an absolute total responsibility to find out why. That is not the province of the special prosecutor; his mandate relates to criminal prosecutions. Our role is to see whether or not there is an abuse of power.

When we have this kind of information coming forward—and let us understand, these people are not going to come forward on their own. They need the protection of the Congress and Congressional hearings. Those people, otherwise, would rightfully feel that they would suffer the wrath of those in high positions.

The so-called claims of paralysis that may or may not be taking place in Government—will be self-induced. You cannot say we cannot go forward, because people are asking questions when they have a legitimate reason, and want answers to these questions. I say to those who say, "Why are you asking these questions?" Because it is our responsibility to do so. Ours is not to paralyze. Ours is not to bring someone down, but it is to get the facts.

I want to tell you something. An abuse of power in this country is serious. And if there are those in high political positions, whether they be in the Treasury or the White House or any other place, or attempting to stifle the truth and abusing power in that manner, is serious. The American people have a right to know. That does not fall under the prerogatives of the special counsel. We cannot delegate those away. They are our prerogatives.

No amount of name calling is going to stop this Senator from going forth and asking for the facts. That is what we are asking for: a hearing to get the facts.

I would hope that our Senate leaders could agree on the format to do this in a constructive way so that the business of the people can go forward. This Senator has not attempted to obstruct it. I have made brief appearances on this floor. If you were to count all of the time that I have taken and all of my appearances, it does not amount to very much over the months.

If I had not made these requests for the statutorily required RTC Oversight Board hearing, and had the chairman of the Banking Committee, Senator RIEGLE, not agreed as he did, we may have never learned of the initial meeting and the subsequent meetings that took place that were, at the very least, inappropriate.

Now, when we hear some of the same Treasury people who went to those meetings about the RTC, to give a so-called heads up to the administration, to the White House, may be among the same people who denied and stopped the OTS from going forward and looking into this matter, I would say to you that there is no other course than to

have congressional hearings. We should hold hearings in an orderly way and in a proper manner; and, that by denying these hearings it leads people to believe that there is something far greater and more significant. Maybe it leads people to say, "What are you hiding, and why are you hiding?"

That is the inescapable conclusion that, I believe more and more American people will come to. It is one that I have begun to come to. It is not one that I initially started out with. I simply wanted some facts and information, but I could not get those facts and information.

Finally, we got it in the most terse forms, and only, again, because Senator RIEGLE and his staff called up and said, "My gosh, why don't you give it to us?" Eight Senators sent a letter asking to find out when the statute of limitations runs. "Are you going to basically use the same procedures that have been used in other cases to protect whatever the Government's claim may or may not be?"

We were stonewalled—stonewalled.

Then of course came the days when I came down to the floor and presented the calendar, and talked about the statute running out. We got at least an extension of that statute of limitations through the efforts of Senator METZENBAUM, myself and the rest of my colleagues.

These are the questions that people have a right to have answered. We should not be met by this barrage, attack, claims that "you are trying to hurt the administration, trying to take them down, trying to damage some program, whether it is their health program or another one." That is not the case. That is absolutely not the case. But that is the cry, and that cry is a false canard.

Let me suggest that you go back to the Watergate days and look at the testimony of John Dean. John Dean said that the administration, while they talked about cooperation, said they would attack those in the Congress as it relates to their conduct of the hearings, saying that these are politically inspired. There is beginning to be a parallel here: Shredding of documents, missing documents, the manner in which papers are taken out of Mr. Foster's office after his death, in the manner in which the Park Police and FBI were not permitted to do their jobs, the concealment in such a manner of these basic facts, raises questions. It seems to me that the very people who cry that we are attempting to obstruct them from pursuing their program, are as a result of either their own actions or the actions of those close to them, creating the situations that lead people to say, "Why are you doing this?" All we want are the facts.

I want to know why, if what this article alleges is accurate, it was that Mr. McCormally was refused permission, and who it was that made that decision. Did they consult with Treasury? Which officials in Treasury? Was it Mr. Altman? Did Mr. Altman advise others as it relates to this? Did he speak to the White House? Did the counsel, Joan Hanson, who, three times before, went to the White House? And when counsel to the Treasury Department undertakes that kind of mission, there is no excuse. That is a person steeped in the law. Was she consulted on this? Did she go to the White House and speak to others about this? These are questions that flow from just a cursory review of this article.

Mr. President, I ask unanimous consent that the full article be printed in the RECORD in its entirety.

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

[From the New York Times, Mar. 16, 1994]

TREASURY OFFICIAL URGED 2D INQUIRY—REGULATOR'S REQUEST FOR LOOK AT FAILED S&L IS SAID TO HAVE BEEN REJECTED

(By Stephen Labaton)

WASHINGTON, March 15.—Clinton Administration officials last year rejected a recommendation by a senior regulator to open a Treasury Department investigation into the failed savings and loan association owned by President Clinton's former partner in the Whitewater venture, Government and Congressional officials said today.

The requests to open a broad investigation of the savings institution was made by Brian McCormally, the top enforcement official for the Midwestern division of the Office of Thrift Supervision, which is part of the Treasury Department.

At the time another Federal agency, the Resolution Trust Corporation, had already been investigating the institution, the Madison Guaranty Savings and Loan Association.

The two agencies have overlapping jurisdictions and often conduct separate investigations into failed savings associations. But the thrift supervision office has a larger staff and greater enforcement powers, and has handled many of the most significant investigations of savings associations and their lawyers and accounts.

NEW QUESTIONS LIKELY

The decision to reject the request for an investigation by the thrift supervision office is likely to raise new questions in Congressional hearings scheduled for next week about whether officials in Washington tried to narrow potentially embarrassing inquiries into Madison. Before if failed, Madison had been owned by James B. McDougal, the Clintons' business partner in the Whitewater Development Company, a 200-acre real estate venture along the White River in northern Arkansas.

Government officials and Congressional aides said the request was turned down last fall by Mr. McCormally's supervisors in Washington, Carolyn Lieberman, acting counsel to the thrift supervision office, and Jonathan Fiechter, acting director of the office. They report to senior political appointees at the Treasury Department, and rarely make major decisions without high-level consultations.

William E. Fulwider, the spokesman for the Office of Thrift Supervision, declined to discuss the case or to say whether its officials had consulted the Treasury Department.

Michelle Smith, a spokeswoman for the department, said: "There was no involvement by Treasury. Treasury would only be involved on policy matters, not specific cases."

WHITE HOUSE CONTACTS

In the last three weeks the White House has found itself engulfed in controversy as it struggled to defend meetings between Treasury and White House officials seeking to discuss the Resolution Trust Corporation's investigation into Madison.

Those contacts are now being examined by an independent counsel, Robert B. Fiske Jr., who is trying to determine whether the trust corporation's investigation was improperly impeded by Administration officials. Ultimately, the trust corporation decided last fall to refer questions about Madison to the Justice Department to investigate for possible criminal violations.

Mr. Fiske has also been examining whether Madison improperly funneled money into Whitewater or into Mr. Clinton's re-election campaign in 1984, when he was Governor of Arkansas.

As enforcement director for the Midwestern region of the Office of Thrift Supervision, Mr. McCormally oversees enforcement efforts against savings associations in 23 states, including Arkansas. He is best known as the Federal regulator who supervised the inquiry into Neil Bush, a son of former President George Bush, who settled charges of conflict of interest over his role in the Silverado Banking, Savings and Loan Association in Denver.

Reached in Chicago today, Mr. McCormally said he could not comment about the Madison matter.

QUESTIONS RAISED IN 1992

Officials said that Republican appointees in the Treasury Department initially instructed Mr. McCormally to look into the Madison case after news reports about the savings institution appeared in the 1992 Presidential campaign. But the officials said it was not until last year, after the Clinton Administration had taken office, that Mr. McCormally believed he had enough information to warrant a request to open a formal investigation.

Officials said Mr. McCormally asked his superiors in Washington last fall for permission to look into the collapse of Madison. It is unclear whether he made the request before or after the meetings between Treasury and White House officials concerning the Resolution Trust Corporation's inquiry.

The Office of Thrift Supervision regulates the savings industry, and the trust corporation handles savings institutions that have been seized and bailed out by the Government. The thrift supervision office, created in 1989, also has many records from its predecessor agency, the Federal Home Loan Bank Board, and officials said it had many of Madison's files from the 1980's.

The House Banking Committee is scheduled to hold a hearing next week that is supposed to be a semiannual review of the trust corporation, but Republicans are hoping it will wind up as a showcase for problems in the Madison case.

Republicans on the committee have asked regulators at the trust corporation and the thrift supervision office for files about their handling of the Madison case. But the chairman of the committee, Representative Henry B. Gonzalez, recently wrote to the heads of the two agencies ordering them not to comply with the Republican request.

Mr. D'AMATO. I will not say any more with respect to this today, be-

cause we have this important bill on the floor. I want to go forward with the bill. I commend the staff on both sides, the majority staff, as well as the chairman of the Banking Committee, for bringing us so far as it relates to this particular legislation, which I hope we can even pass today. I do not know of any big controversial matters or reasons we should not act on this bill.

If Members have amendments, please come down and submit them to us so that we can act on them accordingly and do the business of the people.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Let me make a comment or two. First of all, I appreciate the strength of the feeling of the Senator from New York on all of the issues he has addressed here today. I want to say that I appreciate the fact that notwithstanding his concern about the issue he has just talked about and made reference to with respect to the article in the New York Times today, he feels that we should move ahead with this legislation.

We have worked this out on a bipartisan basis, and it has a number of elements which I have described—all important, all timely. I appreciate the fact that he is prepared to move that forward, and also the parts of it that represent the thinking he has contributed in terms of small business loan securitization, among other things.

With respect to the other issues the Senator raises, in rereading the story in today's New York Times, I fully would imagine that Robert Fiske, whom I have met with and whom the Senator has met with, will pursue any questions that arise which fall within the scope of his efforts.

I do not purport to speak for him, but his charter certainly is drawn in such a way.

Mr. D'AMATO. Mr. President, if my colleague will yield for an observation—and I do not want to debate my colleague on this—but there is a very fine distinction between the role of Congress as it relates to the abuse of power, which may not constitute a criminal act per se, but is absolutely unreasonable, unwarranted, and should not be done.

The people have a right to know that. While Mr. Fiske will be looking to see if there was criminal wrongdoing or perhaps questionable actions relating to fraud on the civil side, et cetera, it is Congress' responsibility to see to it that we do not have the kind of interference and meddling which really gets into the abuse of power. There is that fine line.

That, I think, is our prerogative. That is not something that can wait indefinitely; a reasonable period of time, if he wants to speak to Mr. McCormally, fine. If he wants to subpoena him, fine. But we have a right to know, and the public has a right to know sooner, rather than much later. That is the only point I make.

Mr. RIEGLE. Mr. President, let me address that, as well. As you know, we had the hearing, now a couple of weeks ago, when the Treasury officials were in. What I have done since that time is kept the committee record open. I have kept it open precisely so that any other questions that should be asked and answered, which fall within the scope of our oversight, can be done. I have prepared a series of questions myself to be sent to the Treasury Department, to fill out the facts and the information I think we need to have as it relates to questions that arose.

Because that committee record is open as of this moment, I think that any people to whom the questions would be addressed are under an obligation to respond accurately and fully, and I expect that they will do so.

I think any question that you wish to raise on these points can properly be submitted to them, and I will keep the record open in order to get those responses. I think that falls within the scope of the way our procedure works and how we get answers to questions that arise. So, in any event, I think that also is an avenue that is available at this moment that I suggest to the Senator.

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993

The Senate continued with the consideration of the bill.

Mr. RIEGLE. Mr. President, in a moment, after I have completed giving a summary of it, a managers' amendment will be coming, in my behalf and on behalf of Senator D'AMATO, representing both sides of the committee. This managers' amendment contains a number of improvements and refinements and additions to the bill as it has been laid down. All of these provisions have been agreed to by Senator D'AMATO and by me.

I want to briefly describe the most important of those changes. Before I do, I ask unanimous consent that a longer summary of the managers' amendment be printed in the RECORD now along with the text of the amendment.

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

SUMMARY OF MANAGERS' AMENDMENT

AMENDMENTS TO TITLE I—COMMUNITY DEVELOPMENT AND CONSUMER PROTECTION

Subtitle A: Community Development Banking and Financial Institutions Act—

Permits a State agency to apply for assistance if there are no existing community development financial institutions in the State or other entities that have the capacity.

Requires an assisted organization to keep records on gender, race, etc. of persons served by the organization.

Allows CDFIs to use Federal funds to meet matching requirements in limited circumstances. The Administrator of the Fund could reduce the match by 50 percent, or permit funds provided under certain Federal grant programs to be used to meet part of the match requirement, in certain hardship cases. Further, rural institutions with less than $100,000 in assets may receive up to $25,000 without a non-Federal match. No more than 25 percent of the total funds awarded by the Fund may be matched under these discretionary standards.

Requires the Fund to consult with tribal governments when evaluating a CDFI serving an Indian reservation, requires a CDFI serving a reservation to coordinate community development efforts with tribal governments, and mandates a study on barriers to private lending on Indian reservations.

Makes several technical corrections to S. 1275 as reported by the Banking Committee.

Subtitle B: Home Ownership and Equity Protection (Consumer Protection for High Cost Mortgages)—

Exempts "reverse mortgages" from Subtitle B and provides more appropriate disclosures for such mortgages. "Reverse Mortgages" are mortgages where funds are advanced but the principal and interest are not payable until the premises are sold, the consumer moves, or the consumer dies.

TITLE II—SMALL BUSINESS CAPITAL FORMATION

Subtitle A: Small Business Loan Securitization—

Changes tax language to "sense of the Senate" that small business loan investment conduits should be taxed like real estate conduits.

Allows equipment leases by small businesses, as well as loans to small businesses, to be securitized.

Subtitle B: Small Business Capital Enhancement

Permits a political subdivision of a State, as well as a State, to establish an eligible Capital Access Program, if it has a population in excess of the population of the least populated State, or if the Secretary of HUD determines has the capacity to participate in the program.

Grandfathers eligibility of certain State Capital Access Programs. Provides that if a State statute, enacted prior to the date of enactment of this title, authorized a participating financial institution to count contributions and interest earned thereon as assets of the institution, the institution may continue to do so.

TITLE III—PAPERWORK REDUCTION AND REGULATORY IMPROVEMENT

Modifies the audit requirement in section 36(i) of the FDI Act so that well-capitalized, well-managed institutions with CAMEL ratings of 1 or 2 and assets over $9 billion may meet audit committee requirements if comparable functions are provided at the holding company level and, at the same time, no large bank customers sit on the holding company audit committee.

Clarifies joint regulatory authority to implement any regulations on limited bank liability for foreign branch deposits.

Streamlines broadcast disclosures for radio advertising of consumer leasing.

Repeals duplicative lending limit for loans collateralized by securities.

Extends for 5 years interlocks that were grandfathered under the Depository Institution Management Interlocks Act.

Clarifies that well-capitalized institutions need not register as deposit brokers.

Requires the regulatory authorities to take into account the size and activities of

financial institutions and not to cause undue reporting burdens in connection with revisions of the risk-based capital standards.

Eliminates the statutory provision requiring specific board of directors approval before a mortgage or home equity line of credit is made by a financial institution to an officer of that institution. The overall borrowing caps contained in the insider lending statutory provisions and regulations would still apply to these extensions of credit.

Modifies the civil liability provisions of the Truth in Savings law to eliminate statutory damages but not to eliminate actual damages for advertising mistakes.

Amends the Truth in Savings law to expand its scope to include business accounts for unincorporated nonbusinesses.

Modifies the Expedited Funds Availability Act to give the Federal Reserve Board greater flexibility to extend the check hold period for local checks if there are "significantly increased check losses" due to the funds availability requirement under the permanent schedule now in law.

Modifies the requirements of Section 132 of FDICIA to give regulatory agencies more discretion on asset quality, earnings and market valuation standards and to allow the agencies to issue guidelines instead of regulations.

Modifies the contemporaneous recordkeeping of Section 13 of the Federal Deposit Insurance Act of deposits by public entities at failed banks.

Clarifies that bankers' banks can provide correspondent banking services to their members.

Mr. RIEGLE. Mr. President, I will do this quickly, and I want everybody to be on notice as to these modifications.

First, the managers' amendment makes a few changes to the community development bank provisions of title I. Under the managers' amendment, a State agency may apply for assistance as a community development financial institution if there is no existing community development financial institution in the State, and no entity within the State that has the capacity to become a community development financial institution.

As a general rule, the bill requires institutions receiving assistance to match those funds with private capital. The managers' amendment allows institutions to use other forms of Federal assistance to meet the matching requirements in limited circumstances.

The managers' amendment also requires an institution receiving assistance to keep data on the individuals utilizing the services of the assisted institution. This will ensure that low-income residents of the investment areas are adequately served. The amendment requires the new fund to consult with native American tribal governments when evaluating a CDFI serving an Indian reservation, requires a CDFI serving a reservation to coordinate community development efforts with tribal governments, and mandates a study of barriers to lending on Indian reservations.

In subtitle B of title I, the provision strengthening consumer protections for high cost mortgages, the Managers' Amendment exempts so-called reverse mortgages from the bill's definition. Reverse mortgages are arrangements whereby homeowners receive payments over time, with a balloon repayment due at the end. These are sometimes used by elderly homeowners, who make ends meet in their later years by tapping into the equity they have built up in their homes. Recognizing that these transactions serve a legitimate purpose for older Americans, the managers' amendment provides more appropriate, special disclosures for reverse mortgages.

Title II of S. 1275 contains two provisions designed to make it easier for small businesses to raise and borrow capital. The first, small business loan securitization, includes a section providing that entities that pool and securitize small business loans be taxed in the same way as conduits that securitize residential mortgages. To comply with constitutional requirements on the origin of tax bills, the managers' amendment changes the bill's language to sense-of-the-Senate language. The managers' amendment also permits equipment leases to be included in pools with small business loans.

Subtitle B of title II provides Federal assistance to State small business lending programs. The managers' amendment allows a political subdivision of a State, as well as a State, to establish an eligible capital access program. This will allow New York City, Akron, OH, and Milwaukee, WI, all of which have capital access programs, to apply for Federal matching funds. The managers' amendment also grandfathers certain existing State capital access programs that do not exactly conform to the requirements of the bill, such that they remain eligible to participate.

Finally, title III of the bill contains more than 20 provisions designed to reduce the paperwork required of banks and thrifts and to improve the regulation of those institutions. The managers' amendment contains more than a dozen additional provisions in this area. These include: Requiring bank regulators to consider the size and activities of financial institutions, and to tailor reporting burdens accordingly; repealing a duplicative, inconsistent lending limit for loans collateralized by securities; clarifying that well-capitalized institutions need not register with the FDIC as deposit brokers; allowing well-capitalized, well-managed institutions with assets of over $9 billion to meet statutory audit committee requirements at the holding company level in certain circumstances; streamlining disclosure requirements for radio advertising of consumer leasing; and eliminating statutory damages from the civil liability provisions of the Truth in Savings Act related to advertisements.

As I say, the provisions of this managers' amendment, which are supported both by me and by Senator D'AMATO, will improve each title of the bill.

I do not know if my colleague has any comment he wants to make on that at this point.

Mr. D'AMATO. I have none.

AMENDMENT NO. 1523

(Purpose: To make a series of technical and other amendments)

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

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for himself and Mr. D'AMATO, proposes an amendment numbered 1523.

Mr. RIEGLE. I ask that further reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. RIEGLE. I ask unanimous consent, then, that the managers' amendment be adopted at this point.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

So the amendment (No. 1523) was agreed to.

The PRESIDING OFFICER. Who seeks recognition?

The Chair recognizes the Senator from Alaska.

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

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Alaska is recognized for 10 minutes as if in morning business.

Mr. MURKOWSKI. Mr. President, I thank the Chair and my colleagues.

WHITEWATER

Mr. MURKOWSKI. Mr. President, on March 9, the majority leader stated that those Republicans, like myself, who want Congress to conduct hearings into the Whitewater matter, are engaging only "in partisan politics at its worst," and that such hearings risk "fatal damage" to the special counsel's ongoing investigation. Our leader then said that we have an important oversight responsibility but we must defer that responsibility at the request of the special counsel. The leader invoked the name and arguments of the less than illustrious Lawrence Walsh, former special prosecutor of the Iran-Contra investigation, as authority for Congress to defer hearings pending the outcome of the special counsel's investigation.

Mr. President, I certainly admire our majority leader. I think he is doing an extraordinary job as he has always done, but I do not at all admire Lawrence Walsh. It is obvious that Mr. Walsh would want to blame Congress for his dismal record. He cost the taxpayers over $35 million over a period of 6 years and came up with almost nothing. I for one pray that Mr. Fiske will not be another Lawrence Walsh. If he becomes one, then we will look foolish by standing idly by at the behest of another branch of Government, watching the taxpayers' money being wasted.

No, Mr. President, I am not going to rely on the weak authority of Lawrence Walsh. Instead, I look to recent history, as well as the Watergate experience, to guide my argument that Congress can and should engage in appropriate oversight at the same time a special counsel does his work.

Mr. President, if we can go back to 1973 and 1974, we recall Senator Sam Ervin and Senator Howard Baker. They led their committee through months of hearings into a myriad of complex issues that have become known today as Watergate. The committee took testimony from those who were also targets of special counsels Archibald Cox and later Leon Jaworski, who became special counsel after the President fired Mr. Cox. But unlike the recent, ill-fated work of Mr. Walsh, the special counsel in Watergate succeeded in convicting numerous officials for substantive offenses. This was accomplished even though Congress was deeply involved in both Senate and House oversight and impeachment hearings.

More recently, Mr. President, in 1992, Congress conducted investigations into the Banco Nationale, BNL bank scandal. The Senate Select Committee on Intelligence, which I was a member of for 8 years and was ranking member, worked for months to learn whether the CIA misjudged Justice Department prosecutors or withheld important information in the prosecution of the BNL bank official in Atlanta. During the same period, the House Banking Committee, under Chairman GONZALEZ was unrelenting in its zeal to hold hearings on BNL and became particularly excited over this issue during the height of the Presidential campaign. In fact, excitement was so high that a special counsel was appointed by Attorney General Barr to look into many of the same issues we were investigating in the Committee on Intelligence. We did not stop our inquiry though, Mr. President, after Judge Lacey was appointed special counsel. We simply did our thing and he did his thing. I do not recall our majority leader objecting to this simultaneous activity during the 1992 Presidential campaign.

Mr. President, if Republicans are being accused of politicking because we are asking for Whitewater oversight investigations, then our friends on the other side of the aisle must be inclined to blush a little bit when they look into the mirror of history. Who called for those silly and costly hearings to look into the so-called October surprise? I know of few Republicans who wanted to look into that nonsense. But at a time, you will recall, when George Bush was riding high in public opinion polls following the victory against Iraq, and there was an unrelenting drumbeat of demand for congressional hearings into whether Ronald Reagan's campaign urged the Iranians to delay the release of American hostages until after the 1980 election. This drumbeat for hearings came 11 or 12 years after the alleged incident and it was so unrelenting that the Foreign Relations Committee eventually agreed to spend hundreds of thousands of dollars on worthless hearings. There was no "October surprise." Nor was there any political surprise in all this thrashing around, because there was only one motivation to hold hearings, to tweak the Republicans.

Can Congress engage in oversight during an investigation by a special counsel? Of course we can. We are certainly able to set our agenda, establish our timetable for hearings, determine issues relating to immunity for witnesses, decide when to subpoena documents, and control all the other facets involved in oversight hearings. We can do all this by conferring with special counsel. We can accommodate legitimate concerns of witnesses and others. We do not have to get tangled in the operations of a grand jury. As I saw firsthand when I was vice chairman of the Intelligence Committee, a special counsel and an aggressive oversight committee can do their work simultaneous by being considerate of the special needs of each other. We did in the BNL investigation, even when a criminal prosecution was pending in Atlanta.

What we must not do is abdicate our constitutional responsibilities. This is a Government of three equal branches. Mr. Fiske and Attorney General Reno work for the executive branch. We serve in the legislative branch. Mr. Fiske should not dictate my actions, nor those of the Democrats in this body. I seriously doubt whether the majority leader or any Senate Democrat would defer investigating a serious matter if a special counsel in a Republican administration asked them to do so.

So let us not all be so pious. Let us understand that history shows that we can do our work at the same time special counsels do theirs. Sam Ervin, Howard Baker, and Leon Jaworski did. Senator BOREN and I did along with Judge Lacey. I have every confidence that Senator D'AMATO, Senator RIEGLE, and Mr. Fiske can do the same thing.

I do not rely on Lawrence Walsh to support a contrary view. He is looking for excuses for his failures. We are looking for answers to Whitewater.

Finally, Mr. President, as a final thought, I am becoming somewhat troubled by the rather ugly nature of the discussion of the Whitewater matter.

Those of us who want to know the facts about Whitewater and the failed savings and loan are accused of engaging in politics at its worst.

Those of us who do not want Congress to abdicate its legitimate role in oversight are being accused of threatening the work of the special counsel. We are even told that the special counsel dictates the timing of our work, not us.

But, what disturbs me even more are the personal attacks by the chairman of the Democratic Party, David Wilhelm, against three Members of the Senate: Senator D'AMATO, who is here on the floor, Senator GRAMM of Texas, and Senator DOLE, the Republican leader. Mr. Wilhelm asserted that none of these Senators should ask questions about Whitewater because he implied that they have engaged in some unethical behavior.

Senator D'AMATO has called Wilhelm's comments despicable, and indeed they are. Senator DOLE told Wilhelm to file an ethics complaint if he has evidence of misconduct. That is an appropriate comment, of course, he will not do it, because he does not have such evidence.

In statesmen-like responses, both Majority Leader MITCHELL and Speaker TOM FOLEY have been critical of Wilhelm's statements, and they have distanced themselves from those gratuitous attacks by the head of the Democratic Party.

But, Mr. President, it is astounding to me that the head of the Democratic Party has attempted to intimidate Members of the Senate. I can only assume Mr. Wilhelm seeks to silence the three Senators, otherwise why would he have made such a vicious attack? Or, was he merely attempting to deflect attention away from the White House by using whatever tactic he could or whatever is handy?

I am afraid such attempts at intimidation will not work. None of the Senators Mr. Wilhelm attacked will be silenced. In fact, as Senator D'AMATO wrote to Mr. Wilhelm: "You can be sure that I will now redouble my efforts to get to the bottom of this Whitewater-Madison scandal."

Let us also not forget how we all learned about the meetings between RTC officials and the White House: We did not learn about them from the White House. We did not learn about the meetings from the general counsel of the Treasury Department. We did not learn about them from the press. We did not learn about these meetings from Mr. Wilhelm. We did not learn about them from the Justice Depart-

ment. No, we learned about them through the efforts of Senator D'AMATO and Senator RIEGLE and the Banking Committee hearings, as we should.

The fact that at least three meetings took place between the regulators and White House staff ultimately led the President finally to request a special counsel. In fact, he had no other choice. These meetings simply could not be explained without embarrassment.

No, Mr. President, the proof of the value of oversight is the discovery of the meetings at the White House. Senator D'AMATO's persistence should be commended. Instead, his character is attacked by the head of the Democratic Party.

Mr. Wilhelm, save your attacks. They will not work. Whitewater will not go away until all facts are known. You can try to intimidate those who have dared learn the truth, but ultimately the American public will demand to know. That is how democracy works, Mr. Wilhelm.

Mr. President, I yield the floor.

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

Mr. D'AMATO. Mr. President, I was unaware of the fact that my friend and colleague, Senator MURKOWSKI from Alaska, was going to make these remarks, and I must thank him.

I think he has articulated my position. I think it should be the position of all Members, Democrats, and Republicans, that no Member should be attacked, he or she personally should not be attacked, on a personal basis because they may make a request that any of us agree or disagree with.

We can oppose, whether it is my request or anybody else's, but if we are going to begin to engage or countenance or support this kind of vicious, ugly smear, that is beneath us, certainly beneath the dignity of this Senate.

I am not generally described as a shrinking violet, but I have to tell you that I think that kind of a political smear goes back to the days of the dirty tricks, and this smearing will not keep me quiet. I will persist.

I am not the issue. The issue is whether my request for hearings has any validity.

It is not the messenger who should be attacked. If the message is not one which people agree with; fine, take it up. But if we are going to get into the business of going after the messenger, or going after, in this case, a Senator who feels it is his obligation—in spite of the fact that we become lightning rods, I understand the realities of political combat. I understand fair play and I understand rough-and-tumble play.

But I just suggest to those who would attempt to move into that, that we do the process a great disservice. Whether you agree with what my request is or disagree, there are ways to make known your opposition and to articulate all of our positions without getting into the personal attacks.

So I thank my friend who, again, early on—when there were very few others who saw the merit and now are attempting to just get the facts—loaned himself in his efforts personally to coming down to the floor and support bringing out and gaining access to the facts and the information.

So, again, I thank my friend from Alaska.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993

The Senate continued with the consideration of the bill.

Mr. RIEGLE. Mr. President, if I may have, we have two amendments to send to the desk. I am going to send them one after the other. I am going to send them en bloc, and I am going to ask unanimous consent that they be adopted on that basis.

Let me just make a brief description of each. They have both been cleared with my ranking member, Senator D'AMATO.

AMENDMENT NO. 1524

(Purpose: To make amendments relating to consumer protections for certain mortgage loans)

Mr. RIEGLE. The first amendment I am going to send to the desk contains a number of improvements to subtitle B of title I of the bill, the Home Ownership and Equity Protection Act.

Significant concerns have been expressed about this legislation by other Senators and the lending industry. To address these concerns, Senator D'AMATO and I have prepared this comprehensive amendment. I will briefly describe the most important of those changes.

I ask unanimous consent that a summary of the amendment be printed in the RECORD.

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

SUMMARY OF RIEGLE-D'AMATO AMENDMENT TO TITLE I, SUBTITLE B, THE HOME OWNERSHIP AND EQUITY PROTECTION ACT

Revises the entire subtitle to eliminate the term "High Cost Mortgage."

Treats credit insurance consistently with other sections of the Truth in Lending Act.

Permits balloon payment structures on mortgages covered by the legislation, provided the loan is at least 5 years in length.

Allows lenders to charge points and fees on refinancing, but directs Federal Reserve to address abuses in this area.

Allows lenders to charge prepayment penalties on loans covered by the legislation for 1 year.

Insulates assignees from liability if the loan documents do not indicate such potential liability.

Mr. RIEGLE. Mr. President, many have objected to the stigma attached to the loans covered by the legislation. In response to those concerns, this amendment revises the entire subtitle to eliminate the term "high cost mortgage."

Likewise, some Senators have expressed concerns that the prohibitions in the bill reported by the committee were overly broad and would capture credit transactions that were not unfair. Our amendment tailors these prohibitions to focus on the truly problematic issues. Rather than prohibiting balloon payment loans, for instance, the amendment prohibits balloons only on short term loans—those less than 5 years in length—that most often trap unwitting borrowers. These changes, combined with the regulatory authority provided to the Federal Reserve to waive the prohibitions on mortgages that are in the interest of the borrower, should ensure that this legislation productively addresses the problem of reverse redlining without restricting traditional credit flows.

The provisions of this amendment, which are supported by both me and by Senator D'AMATO, will improve the Home Ownership and Equity Protection Act. I will now yield to Senator D'AMATO if he cares to comment on the amendment, and then ask unanimous consent that the amendment be adopted.

I send that amendment to the desk and ask that it be held until I send the second amendment, and then I will ask that they be adopted en bloc.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for himself and Mr. D'AMATO, proposes an amendment numbered 1524.

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

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

The amendment reads as follows:

On page 78, line 23, strike "The term 'high cost mortgage' means" and insert "A mortgage referred to in this subsection means".

On page 78, line 25, insert ", a reverse mortgage transaction," before "or a".

On page 79, line 22, insert "and" after the semicolon.

On page 79, strike lines 23 through 25.

On page 80, line 1, strike "(D)" and insert "(C)".

On page 80, line 14, strike "for high cost mortgages".

On page 80, line 19, strike "high cost mortgages" and insert "mortgages referred to in subsection (aa)".

On page 80, beginning on line 20, strike "high cost" and insert "such".

On page 81, line 3, strike **"HIGH COST"** and insert **"CERTAIN"**.

On page 81, line 7, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 82, line 22, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 83, beginning on line 1, strike "the high cost mortgage" and insert "a mortgage referred to in section 103(aa)".

On page 79, line 25, strike "and"

On page 80, line 8, strike "." and insert "; and

(E) such other changes as the Board determines to be appropriate."

On page 83, line 5, strike "high cost" and insert "such".

On page 83, strike lines 14 through 19.

On page 83, line 20, strike "(4) EXCEPTION.—A high cost mortgage" and insert "(3) EXCEPTION.—A mortgage referred to in section 103(aa)".

On page 83, line 24, strike "90 days" and insert "1 year".

On page 84, line 1, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa) having a term of less than 5 years".

On page 84, beginning on line 5, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 84, line 10, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 84, line 16, strike "high cost mortgage loan" and insert "mortgage".

On page 85, strike lines 11 through 15, and insert the following:

"(2) PROHIBITIONS.—The Board, by regulation or order, shall prohibit acts or practices in connection with—

"(A) mortgage loans that the Board finds to be unfair, deceptive, or designed to evade the provisions of this section; and

"(B) refinancing of mortgage loans that the Board finds to be associated with abusive lending practices, or that are otherwise not in the interest of the borrower.".

On page 85, strike the item immediately following line 20, and insert the following:

"129. Requirements for certain mortgages.".

On page 85, beginning on line 24, strike "high cost mortgage, as defined" and insert "mortgage referred to".

Beginning on page 87, line 14, strike all through page 88, line 6, and insert the following:

"(d) RIGHTS UPON ASSIGNMENT OF CERTAIN MORTGAGES.—

"(1) IN GENERAL.—Any person who purchases or is otherwise assigned a mortgage referred to in section 103(aa) shall be subject to all claims and defenses with respect to that mortgage that the consumer could assert against the creditor of the mortgage, unless the purchaser or assignee demonstrates, by a preponderance of the evidence, that a reasonable person exercising ordinary due diligence, could not determine, based on the loan documentation required by this title, that the mortgage was in fact a mortgage referred to in section 103(aa). The preceding sentence does not affect a consumer's rights under sections 125, 130, or any other provision of this title.

"(2) LIMITATION ON DAMAGES.—Notwithstanding any other provision of law, relief provided as a result of any action made permissible by paragraph (1) may not exceed—

"(A) with respect to actions based upon a violation of this title, the amount specified in section 130; and

"(B) with respect to all other causes of action, the sum of—

"(i) the amount of all remaining indebtedness; and

"(ii) the total amount paid by the consumer in connection with the transaction.

"(3) OFFSET.—The amount of damages that may be awarded under paragraph (2)(B) shall be reduced by the amount of any damages awarded under paragraph (2)(A).

"(4) NOTICE.—Any person who sells or otherwise assigns a mortgage referred to in section 103(aa) shall include a prominent notice of the potential liability under this subsection as determined by the Board.".

On page 88, line 13, strike "high cost".

On page 88, line 14, strike "(as defined" and insert "referred to".

On page 88, line 15, strike "Act, as" and insert "Act (as".

AMENDMENT NO. 1525

(Purpose: To promote free trade in financial services)

Mr. RIEGLE. Mr. President, the second amendment that I am now proposing is the Fair Trade in Financial Services Act of 1994, which was recently reported by the Banking Committee.

Fair trade in financial services legislation has passed the Senate three times before. The amendment we are considering this morning was introduced on October 7, 1993, on a bipartisan basis by a majority of the members of the Banking Committee. It is designed to give U.S. negotiators new leverage to obtain the same equality of competitive opportunity for U.S. financial firms operating in foreign markets that we extend to foreign firms in our markets. On October 26, 1993, the committee held a hearing at which S. 1527 received united administration support, as well as support from the financial services industry. And on February 10, 1994, the committee reported out this legislation by a vote of 17 to 2.

The act builds on provisions of the 1988 Omnibus Trade and Competitiveness Act that require the Treasury Department to identify countries that deny U.S. financial firms de facto national treatment, meaning equality of competitive opportunity and effective market access. If negotiations to obtain national treatment fail to succeed, the act allows but does not require the Secretary of the Treasury, the U.S. negotiator on trade in financial services, to publish in the Federal Register a determination that a given country discriminates against U.S. financial institutions.

Following any such publication, the Treasury Secretary may, after consultation with the U.S. Trade Representative and the Secretaries of State and Commerce, recommend to the appropriate Federal financial services regulator that it deny applications filed by banking or securities firms from the discriminatory country. Such denials would only affect opportunities for future expansion in the U.S. market and would not force foreign financial firms to shrink their existing operations. The bill is designed to give U.S. negotiators new leverage to open foreign financial markets, not close our own.

President Clinton in February announced the principles that would guide trade policy in his administration. One such principle he said:

* * * will say to our trade partners that we value their business, but none of us should expect something for nothing. We will continue to welcome foreign production and services into our markets, but insist that our products and services be able to enter theirs on equal terms.

That is precisely the guiding principle on which the Fair Trade in Financial Services Act is based.

The role of the United States in an increasingly global economy magnifies the importance of making sure that U.S. financial firms are not discriminated against in their operations abroad. This is important not only for the financial institutions themselves, but also for U.S. exporters in general. Deputy U.S. Trade Representative Rufus Yerxa, at the committee's October 26, 1993, hearing on S. 1527 stated:

* * * it's been demonstrated by all of the studies we've done about our trade relationships in the world, that there is a clear relationship between exports and finance and investment. That is, where we've been able to obtain greater access to investment markets and to the markets for finance and financial services, we have also expanded our trade. These are all part of a seamless web in international business * * *. Removal of trade and investment barriers without removal of barriers to U.S. banks and securities firms will limit the ability of all U.S. companies to compete in the world market.

At a time when it is crucial for American industry to export in order to reverse the massive current account deficits that have accrued in the last decade, our Government must ensure industry is not impeded by foreign market barriers to our financial services firms.

On January 26, 1994, Senator D'AMATO and I received a joint letter from Secretary Bentsen and Ambassador Kantor urging "swift enactment of the Fair Trade in Financial Services Act" because it is "an essential component of our strategy" to open foreign financial markets to U.S. institutions. This legislation is critical to the success of U.S. negotiators in both the ongoing negotiations under the auspices of the General Agreement on Tariffs and Trade [GATT], as well as the stalled United States-Japan Framework for a New Economic Partnership discussions.

Under GATT, financial services are included within the General Agreement on Trade in Services [GATS], which establishes a multilateral framework of principles and rules for trade in financial services. However, the commitments made by many countries to open their markets to U.S. financial institutions under that framework were less than the United States had hoped for. The United States, therefore, has taken a most-favored-nation [MFN] exemption for banking and other financial services including insurance, but will suspend it for 6 months after the GATT Agreement goes into effect.

Until that time, negotiations will continue within the GATS framework.

In their January 26 letter, Ambassador Kantor and Secretary Bentsen explained why the passage of the Fair Trade in Financial Services Act is needed to help complete a successful GATT agreement on financial services. In that letter they stated:

We agreed on a framework for trade in financial services but did not obtain the full commitments on market access we had sought. However, the financial services agreement provides for continuing negotiations within the GATT context to seek improved commitments. In the event we are not able to achieve sufficient progress in these negotiations, this legislation [Fair Trade in Financial Services] will help ensure that we will have incentives to encourage other countries to liberalize in the future. The success of this effort will provide increased competitive opportunities for U.S. financial services and enhance their ability to facilitate U.S. exports.

I urge my colleagues to heed the administration's plea for swift enactment of this legislation. I also ask unanimous consent that a copy of the letter be printed in the RECORD.

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

DEPARTMENT OF THE TREASURY,
Washington, DC, January 26, 1994.

Hon. DONALD W. RIEGLE, Jr.,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: We are writing to urge swift enactment of the Fair Trade in Financial Services legislation. The Administration supports the objectives of the legislation as introduced and will continue to work closely with Congress to complete the final details. We believe that the original intent of S. 1527 and HR 3248 provides an effective foundation for legislation.

The passage of this important legislation is a priority matter for the Administration, and an essential component of our strategy to continue multilateral negotiations to open foreign financial markets to U.S. financial institutions.

The Administration is very pleased with the results of the recently completed Uruguay Round of multilateral negotiations conducted under the auspices of the General Agreement on Tariffs and Trade (GATT). The lowering of trade barriers achieved there will help ensure a continued and equitable expansion of world in the years ahead.

In financial services the outcome was more modest. We agreed on a framework for trade in financial services but did not obtain the full commitments on market access that we had sought. However, the financial services agreement provides for continuing negotiations within the GATT context to seek improved commitments. In the event that we are not to achieve sufficient progress in these negotiations, this legislation will help ensure that we will have incentives to encourage other countries to liberalize in the future.

The success of this effort will provide increased competitive opportunities for U.S. financial services and enhance their ability to facilitate U.S. exports.

This Administration has clearly stated its objective to open foreign financial markets. Fair Trade in Financial Services legislation will complement our multilateral, bilateral and regional efforts to gain access to foreign markets on the basis of national treatment and equality of competitive opportunity. The proposal would give the authority to act to the Treasury Department, after appropriate interagency consultation and subject to the specific direction of the President.

It is our view that enactment of the Fair Trade in Financial Services legislation is needed at the earliest possible time to safeguard the progress we achieved in the Uruguay Round and to support additional market opening talks, both within the GATT framework and on a bilateral basis.

Thank you for your attention to this matter which is so important to America's financial firms. We look forward to working with you to achieve early enactment of this critical legislation.

Sincerely,

LLOYD BENTSEN,
Secretary of the Treasury.
MICHAEL KANTOR,
U.S. Trade Representative.

I send that amendment to the desk as well.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for himself and Mr. D'AMATO, proposes an amendment numbered 1525.

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

The PRESIDING OFFICER. Without objection it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. RIEGLE. I ask unanimous consent that the two amendments be adopted en bloc.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, let me say I strongly, strongly support this amendment because I believe it is absolutely essential for our financial institutions to have the ability to compete fairly abroad, and this legislation accomplishes exactly that. It says to those governments who are practicing policies of excluding or keeping our financial services industry from doing their work abroad, from truly being able to compete freely, that they, too, will find we will restrict those who are here from expanding. It is fair play, and that is the essence of free trade. Free trade that goes one way and there is no fairness to it does not make sense.

I have been given to understand that one of my colleagues, a Republican on the Banking Committee, objects to the inclusion of this amendment. So on his behalf I will ask the distinguished manager of the bill and my colleague, the chairman of the Banking Committee, if he will withhold that amendment. I will say this. I ask that the member be given an opportunity to come down and take whatever position he wants to on this amendment—if he wants to amend the amendment, if he wants to oppose the amendment—whatever he wants to do. I think we should give him a fair opportunity. If he does not come down within a reasonable time, I will no longer, then, carry that objection. If someone has objection to this, to our going forward, come forth and state why, let us get it out and let us do whatever has to be done.

At this time I ask my colleague if he would withhold. I have every intention of supporting it as strongly as I possibly can.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I thank the Senator from New York. I will, then, on the basis of his request to separate the two amendments, leave the second of the two at the desk and not ask we act on it at this time. I think that is a reasonable request. I think the colleague's rights should be protected and properly are being protected by Senator D'AMATO, and I respect that.

I also appreciate the fact the Senator is prepared to move ahead on this once we have had an opportunity for somebody to come down and present their objection directly.

Let me now revise my request. I ask unanimous consent that the first amendment I sent to the desk now be incorporated into the bill.

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

The question is on agreeing to the amendment.

The amendment (No. 1524) was agreed to.

Mr. RIEGLE. We are at a point, then, where we will leave the second amendment there for now. I must say we are very much of a mind. We want to move this bill through and finish it as early as possible today. So I hope if anybody has any amendments they want to offer, any comments they want to make, they will come to the floor at this time and do so, so we can expedite the completion of the bill.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The Senator from Michigan.

Mr. RIEGLE. Mr. President, I have another amendment ready to offer now, and this is probably a suitable time to do it.

The PRESIDING OFFICER. The Chair would advise the Senator from Michigan the amendment now pending before the Senate is amendment No. 1525.

Mr. RIEGLE. I ask unanimous consent that amendment be temporarily laid aside.

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

AMENDMENT NO. 1526

(Purpose: To make amendments relating to the Comptroller of the Currency)

Mr. RIEGLE. Mr. President, I send an amendment to the desk together with Senator D'AMATO, to ensure that the Office of the Comptroller of the Currency [OCC] has much the same independent authority as the Office of Thrift Supervision [OTS]. The amendment only provides the OCC with the same authority already given to the OTS.

Specifically, the amendment: Authorizes the OCC to follow the same procedures as the OTS in reporting to Congress; clarifies that the Comptroller of the Currency has the same independent authority as the Director of the OTS over agency staff and functions; gives the OCC the same independent litigating authority as the OTS.

The OTS currently has each of the above authorities. A number of independent agencies have considerably more authority. The administration in its bank regulatory consolidation proposal also provides independent authority to the new agency that would conduct Federal bank and thrift regulation.

I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for himself and Mr. D'AMATO, proposes an amendment numbered 1526.

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

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

The amendment is as follows:

At the appropriate place in title III of the bill, insert the following:

SEC. . INCLUSION OF COMPTROLLER OF THE CURRENCY; CLARIFICATION OF REVISED STATUTES.

(a) PUBLIC LAW 93-425.—Section 111 of Public Law 93-495 (12 U.S.C. 250) is amended by inserting "the Comptroller of the Currency," after "Federal Deposit Insurance Corporation,".

(b) REVISED STATUTES.—

(1) SECTION 5240.—The third paragraph of section 5240 of the Revised Statutes (12 U.S.C. 482) is amended by inserting "or section 301(f)(1) of title 31, United States Code," after "provisions of this section".

(2) SECTION 324.—Section 324 of the Revised Statutes (12 U.S.C. 1) is amended by adding at the end the following: "The Comptroller of the Currency shall have the same authority over matters within the jurisdiction of the Comptroller as the Director of the Office of Thrift Supervision has over matters within the Director's jurisdiction under section 3(b)(3) of the Home Owners' Loan Act.".

(3) SECTION 5239.—Section 5239 of the Revised Statutes (12 U.S.C. 93) is amended by inserting at the end the following new subsection:

"(d) AUTHORITY.—The Comptroller of the Currency may act in the Comptroller's own name and through the Comptroller's own attorneys in enforcing any provision of this title, regulations thereunder, or any other law or regulation, or in any action, suit, or proceeding to which the Comptroller of the Currency is a party.".

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I commend Senator RIEGLE, because it really was the Senator and his staff who developed this initiative as it relates to this amendment.

I do not care whether it is a Republican administration or Democratic administration, these independent agencies should be truly independent. Consequently, this amendment addresses exactly the kinds of situations that we are concerned about, that if there is a course of action that should be pursued as it relates to undertaking a lawsuit, it gives the independent regulator the ability to do that without going to Justice. It also gives the independent agency the ability to come in and give testimony before us that is not censored.

What is the sense of having testimony that has to be approved, which seeks changes, if the regulator has to submit that first to the executive branch to get their sign-off on it? Then we in the Congress do not get the true feelings of the people who are out there in the field, out there on the battle line.

So what the Senator has done with this amendment is removed that barrier. It will give us in the Congress and our committees the ability to get that information directly, uncensored, in the right way so we can make the proper determinations.

I would have gone even further to grant the banking agencies—all of the banking agencies, including the Federal Reserve Board and the FDIC—independence from Justice Department control. I also would have removed the OMB from interfering with OCC rulemaking authority. However, in the spirit of compromise, I agreed to this more limited amendment suggested by Senator RIEGLE.

So I applaud his efforts. I am pleased to join in sponsoring this amendment. I urge its adoption.

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

The amendment (No. 1526) was agreed to.

Mr. RIEGLE. Mr. President, I move to reconsider the vote and move to lay that motion on the table.

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

The Senator from Michigan.

Mr. RIEGLE. We are ready to move forward on the bill, so again I invite Members who want to be heard on this matter or have amendments or points to make to come to the floor now so we can try to conclude action as early today as possible.

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

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

Mr. DODD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is amendment 1525.

Mr. DODD. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside for the purpose of considering another amendment.

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

AMENDMENT NO. 1527

(Purpose: To authorize the minting of coins to commemorate the 1995 Special Olympics World Games)

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

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Connecticut [Mr. DODD] proposes an amendment numbered 1527.

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

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

The amendment is as follows:

On page 160, between lines 6 and 7, insert the following:

SEC. 334. COMMEMORATION OF 1995 SPECIAL OLYMPIC WORLD GAMES.

(a) COIN SPECIFICATIONS.—

(1) ONE DOLLAR SILVER COINS.—

(A) ISSUANCE.—The Secretary of the Treasury (hereafter in this section referred to as the "Secretary") shall issue not more than 800,000 $1 coins, which shall weigh 26.73 grams, have a diameter of 1.500 inches, and shall contain 90 percent silver and 10 percent copper.

(B) DESIGN.—The design of the coins issued under this section shall be emblematic of the 1995 Special Olympics World Games. On each such coin there shall be a designation of the value of the coin, an inscription of the year "1995", and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

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

(3) NUMISMATIC ITEMS.—For purposes of section 5132(a)(1) of title 31, United States Code, all coins minted under this section shall be considered to be numismatic items.

(b) SOURCES OF BULLION.—The Secretary shall obtain silver for the coins minted under this section only from stockpiles established under the Strategic and Critical Materials Stock Piling Act.

(c) SELECTION OF DESIGN.—The design for the coins authorized by this section shall be selected by the Secretary after consultation with the 1995 Special Olympics World Games Organizing Committee, Inc. and the Commis-

sion of Fine Arts. As required by section 5135 of title 31, United States Code, the design shall also be reviewed by the Citizens Commemorative Coin Advisory Committee.

(d) ISSUANCE OF THE COINS.—

(1) QUALITY OF COINS.—The coins authorized under this section may be issued in uncirculated and proof qualities.

(2) MINT FACILITY.—Not more than 1 facility of the United States Mint may be used to strike any particular quality of the coins minted under this section.

(3) COMMENCEMENT OF ISSUANCE.—The coins authorized under this section shall be available for issue not later than January 15, 1995.

(4) SUNSET PROVISION.—No coins shall be minted under this section after December 31, 1995.

(e) SALE OF THE COINS.—

(1) SALE PRICE.—The coins issued under this section shall be sold by the Secretary at a price equal to the sum of the face value of the coins, the surcharge provided in paragraph (4) with respect to such coins, and the cost of designing and issuing such coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(2) BULK SALES.—The Secretary shall make bulk sales at a reasonable discount.

(3) PREPAID ORDERS.—The Secretary shall accept prepaid orders for the coins authorized under this section prior to the issuance of such coins. Sales under this subsection shall be at a reasonable discount.

(4) SURCHARGE REQUIRED.—All sales shall include a surcharge of $10 per coin.

(f) GENERAL WAIVER OF PROCUREMENT REGULATIONS.—No provision of law governing procurement or public contracts shall be applicable to the procurement of goods or services necessary for carrying out the provisions of this section. Nothing in this subsection shall relieve any person entering into a contract under the authority of this section from complying with any law relating to equal employment opportunity.

(g) DISTRIBUTION OF SURCHARGES.—The total surcharges collected by the Secretary from the sale of the coins issued under this section shall be promptly paid by the Secretary to the 1995 Special Olympics World Games Organizing Committee, Inc. Such amounts shall be used to—

(1) provide a world class sporting event for athletes with mental retardation;

(2) demonstrate to a global audience the extraordinary talents, dedication, and courage of persons with mental retardation; and

(3) underwrite the cost of staging and promoting the 1995 Special Olympics World Games.

(h) AUDITS.—The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data of the 1995 Special Olympics World Games Organizing Committee, Inc. as may be related to the expenditure of amounts paid under subsection (g).

(i) FINANCIAL ASSURANCES.—

(1) NO NET COST TO THE GOVERNMENT.—The Secretary shall take all actions necessary to ensure that the issuance of the coins authorized by this section shall result in no net cost to the United States Government.

(2) ADEQUATE SECURITY FOR PAYMENT REQUIRED.—No coin shall be issued under this section unless the Secretary has received—

(A) full payment therefore;

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

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

Mr. DODD. Mr. President, I rise to offer S. 1860, the 1995 Special Olympics World Games Commemorative Coin Act, as an amendment to S. 1275, the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1993.

I introduced this legislation in February with strong bipartisan support. This bill now has 50 cosponsors. This bill authorizes the minting of 800,000 limited-edition $1 silver coins, at no net cost to the Federal Government. The funds will be used to stage a world-class sporting event in Connecticut for these very special athletes.

Through the years, Special Olympics has become one of the largest and most successful sports and volunteer organizations in the world. Today, there are nearly $1 million Special Olympic athletes worldwide and nearly 450,000 in the United States alone.

In addition to more than 6,500 participating athletes, it is estimated that the 1995 Special Olympics world games will attract a half-million spectators, 45,000 volunteers, and more than 1,500 representatives from national and international media.

An event of this magnitude requires considerable planning, organization, and financial resources. This no net cost bill would raise up to $8 million to help underwrite the cost of staging the 1995 Special Olympics World Games.

Twenty-five years ago, Eunice Kennedy Shriver founded Special Olympics with the premise that bringing people together—those with and without mental retardation—will break down existing barriers and result in acceptance, understanding, and new relationships.

Mr. President, the people of Connecticut are already gearing up for the celebration of the 1995 games. Each of the towns and cities from around the State is being paired with a specific participating country, and these communities will be opening their hearts and homes to these visitors. Athletes and their families will spend several days relaxing, adjusting, and soaking in the hospitality of the host cities prior to the start of the games.

More than 6,500 athletes from every corner of the globe and every State in the Union will then travel to New Haven, CT, to compete for the love of sport and the thrill of participation. This is one event in which winning is not everything. These sometimes forgotten athletes are given the chance to show us all what true sportsmanship is all about.

I would like to thank the chairman of the Banking Committee, Mr. RIEGLE, and also Mr. D'AMATO for moving this piece of legislation so quickly.

Finally, I would like to take this opportunity to express my gratitude to Sargent and Eunice Shriver, our former colleague, Gov. Lowell Weicker, and the entire World Games organizing committee for their commitment to Special Olympics and the success of the 1995 Special Olympics World Games.

I urge my colleagues to support this important legislation and honor the tremendous spirit of the Special Olympics.

I appreciate the support of the distinguished Senator from New York and the distinguished Senator from Michigan, and I urge approval of the amendment.

Mr. RIEGLE. Mr. President, I am pleased to support S. 1860, the 1995 Special Olympics World Games Commemorative Coin Act, as an amendment to S. 1275.

S. 1860, introduced by Senator DODD, authorizes the minting of a $1 coin to commemorate the 1995 Special Olympics World Games. I strongly support the minting of this coin which will augment the fundraising efforts for the international event which will be hosted by the State of Connecticut.

The surcharges collected from the sale shall be used to provide a world class sporting event for athletes with mental retardation; to demonstrate to a global audience the extraordinary talents, dedication, and courage of persons with mental retardation; and underwrite the cost of staging and promoting the 1995 Special Olympics World Games.

The World Games will bring together special athletes from around the world for 9 days of international sport competition. Mentally retarded adults and children will compete in the Olympic Games with the assistance of coaches, parents, friends and countless volunteers.

This international event will, no doubt, touch a record number of people. In a world where hopes are often dashed by crises of the day, special olympians inspire us with their spiritual and physical strength and their moral value. They are, in fact, everyday profiles in courage.

More than 6,500 special olympic athletes from over 130 countries will bring spectators together for 9 days. The Special Olympics bring out the best in all involved. I firmly believe that the Special Olympics World Games commemorative coin would be a wonderful remembrance of the experience. I consider this a unique and thrilling event and believe it warrants a commemorative coin. I support the efforts of the 1995 Special Olympics World Games organizing committee and all those who have worked so long and hard to prepare for this spectacular event and can think of no better way to do this than to wholeheartedly support this amendment at this time.

Mr. D'AMATO. Mr. President, I rise today to add my support for adding the

1995 Special Olympics World Games Commemorative Coin Act, as an amendment to this bill.

I, along with most of the world, watched in awe the Winter Olympics. Each of the athletes had a personal story of how they overcame obstacles like injuries, economic problems, losses of loved ones, and so many of the athletes from the former Communist countries saw such changes in the political makeup of their nations that they were forced to leave their training areas and coaches to continue their dream of competing in the Olympics.

However, not one of those athletes has overcome as many obstacles as those competing in the Special Olympics. Everyone of us has seen the look of determination and pride in the eyes of a special olympian as they cross the finish line, whether it be in first place or last place. Many of these youngsters and adults have been told their whole lives that they couldn't compete or play, but the Special Olympics allow them not only to participate, but they are able to shine. July 1995 in New Haven, CT, will be the time and place for these exceptional athletes to show the world what they got. For the athletes, families, coaches, and thousands of volunteers, these Olympics will be an experience of a lifetime.

I am proud to have been an original cosponsor of this coin bill. The legislation calls for the minting of 800,000 silver dollar coins. The coins will be minted at no net cost to the Government.

I would like to commend my colleague on the Banking Committee, Senator DODD, on not only introducing this bill, but his hard work on gathering 50 cosponsors so quickly. I also would like to thank my colleague, the esteemed chairman of the Banking Committee, Senator RIEGLE, for agreeing to allow this bill to be incorporated into the manager's amendment. Most of all, I commend Sargent and Eunice Shriver and my former colleague, Gov. Lowell Weicker, for their dedication to ensure the success for the Special Olympics World Games. The Special Olympics World Games would not be able to happen without their immeasurable and constant support.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. RIEGLE. Mr. President, I am going to ask that we defer momentarily as this is being checked out on a generic basis on the Republican side. We should have an answer on that momentarily, and assuming that is affirmative, then I will urge adoption of the amendment.

So at this point, 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. RIEGLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. RIEGLE. I have received notification that the amendment has been cleared on both sides, and so I urge adoption of the amendment.

The PRESIDING OFFICER. Is there any further debate on the amendment. If not, the question is on agreeing to the amendment.

The amendment (No. 1527) was agreed to.

Mr. RIEGLE. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. RIEGLE. I thank the Chair. I thank the Senator from Connecticut.

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. BOND. 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. BOND. Mr. President, I want to thank and commend Chairman RIEGLE and our ranking member, Senator D'AMATO, for pulling together S. 1275, the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1993.

I support this measure, along with the managers' amendment, as a significant piece of bipartisan legislation that addresses a number of issues that are really key to the committee, issues of community development banking, small business capital formation, bank paperwork reduction, and regulatory relief. These are areas of tremendous importance to me personally, and to the people in my State. While in some cases I do not believe the bill goes far enough, it does reflect the legislative process, which requires bipartisan cooperation and compromise.

I will highlight a couple of particular aspects of the legislation which I support. Subtitle A, the Community Development Banking and Financial Institutions Act, is a significant improvement over the President's initial proposal on community development banking. The subtitle recognizes the important contributions that financial institutions can provide to distressed communities by allowing banks and other entities to form "community partnerships" with Community Development Financial Institutions, or CDFI's. Funding under the act is limited to the partner that qualifies as a CDFI. Banks, however, will receive credit under the Community Reinvestment Act for participating in the partnership.

Moreover, a consortium of banks or bank holding companies may own a CDFI so long as no single parent owns 25 percent or more of the voting shares of the subsidiary. CRA credit will be available for bank participation.

Mr. President, that is something that I have worked on for some time. A number of smaller bankers in my State have said, "We want to perform our responsibilities under the Community Reinvestment Act, but we are so small that we would like to join and pool our efforts with others, so we can have a greater impact." This, in effect, would permit them to do so.

I emphasize that including traditional financial institutions in the community development banking proposal is critical, because it will provide the expertise of banks to CDFI's and help make available mainstream conventional banking practices to distressed and financially underserved communities.

I also highlight an amendment that I cosponsored in the committee with my colleagues, Senators DOMENICI, KERRY, and MOSELEY-BRAUN, which has been included in the managers' amendment. This amendment would allow up to 5 percent of amounts appropriated to CDFI's to be provided to organizations for the purpose of the wholesale purchase of loans from CDFI's or to otherwise provide liquidity to CDFI's. Basically, this will help to provide additional capital to CDFI's and should help to greatly expand the availability of credit through CDFI's to financially distressed or underserved communities.

Next, I strongly support subtitle B, the Home Ownership and Equity Protection Act, of title I. This is a revised version of S. 924, a bill Senator D'AMATO and I introduced. This legislation addresses concerns where some high-rate lenders have used mortgages for high-cost loans for home improvements or credit consolidation to take advantage of unsophisticated, low-income, and very often elderly homeowners. That measure in this bill protects borrowers through a combination of increased disclosure to consumers, a new 3-day waiting period, and substantive prohibitions against loan terms that have been particularly troublesome. In addition, the managers' amendment makes several improvements to this subtitle to ensure that legitimate businesses will not be adversely affected.

Title II of the bill addresses small business capital formation by allowing the private sector to develop a secondary market for small business loans. That is something that Senator D'AMATO has long been a champion of. These are important provisions that are designed to help make credit available to small businesses to create jobs. Small business, as we know, is the backbone of our Nation's economy, and it is high time we took steps to ensure the availability of credit to these institutions.

Title III of the bill provides a number of provisions designed to reduce paper-

work and regulatory burdens on financial institutions. While I do not believe the bill as reported by the committee goes far enough, the managers' amendment adds significantly to bank regulatory relief. I urge my colleagues to endorse these provisions and also to support other regulatory relief amendments which may be offered to the bill. If we are going to get credit out, as we must, to the underserved areas of this country, regulatory relief is a vitally important part of the reform process.

This title is designed to reduce regulatory and paperwork burdens on financial institutions through measures for agencies to review and streamline rules and regulations, coordinate examinations, modernize reporting, and establish a regulatory appeals process. The title also contains a number of provisions to improve existing regulations by repealing outmoded, duplicative, and unnecessary statutory requirements. It also requires studies of the impact of risk-based capital standards and the payment of interest on sterile reserves.

I want to highlight one amendment of mine that was included—and, again, I thank the managers—in their amendment. This amendment provides additional flexibility of bankers' banks to provide correspondence services, and it increases the lending limit for loans secured by securities from 10 percent of capital to 15 percent of capital. This will allow the bankers' banks to grow. In my State and other States which serve many of the small institutions, it will make them much more effective providers of credit in their community, and it will improve the service and the credit they provide.

I am most grateful to Senator D'AMATO and his staff for the help and insertions into the managers' amendment. I also note my thanks to the chairman and ranking member for all their hard work on this legislation. I urge my colleagues to support S. 1275. Since we have not seen too many people opposing S. 1275, I assume that the chairman and the ranking member have been extremely persuasive. I add my support for their strong statements in behalf of the bill.

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. KOHL. 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. KOHL. Mr. President, I rise today to express my strong support for S. 1275, the Community Development, Credit Enhancement, and Regulatory Improvement Act. Let me begin by commending the managers of the bill—Chairman RIEGLE and Senator D'AMATO—for their work on this important measure. They have crafted a comprehensive, balanced, and effective piece of legislation that will help communities and businesses help themselves.

Let me tell you why I support this legislation. First, the community development fund created by this bill will help community banks and credit unions provide credit to the businesses that build and sustain communities. As a former businessman, I know well that communities are built on jobs. Jobs that are provided by community based businesses. And the community development fund will help traditional lenders and financial institutions provide job creating credit where it is most needed.

Furthermore, this legislation will achieve that goal by utilizing existing community banks, credit unions and other financial institutions, rather than creating massive new Federal bureaucracies. In my own State, Mr. President, most of our bankers are community bankers. They live in the communities where their banks are located, they know their neighbors, and they know the businessmen and businesswomen who invest in their communities. In Wisconsin, bankers invest in their communities not only because it makes good business sense, but also because they are a part of the community. So I commend the managers for recognizing what we in Wisconsin know well: that community bankers are part of the solution, and not part of the problem.

But this bill does more. This legislation also recognizes the need to ensure an adequate flow of credit to job creating small businesses. The provisions on securitization of small business loans represent an important first step toward that goal. As we all know, small businesses create most of the new jobs in this country, and this provision will provide much needed assistance to the very people who lay the foundation for successful community development.

Finally, this bill will help traditional lenders free up additional resources by providing relief from unnecessary and wasteful regulations. While we all agree that fair credit, safety and soundness and other legitimate concerns need to be addressed, it is clearly apparent that unnecessary regulatory burdens make it difficult for financial institutions to focus their efforts on their primary activity which is lending money to creditworthy consumers and businesses. The regulatory relief measures in this legislation represent an important first step toward reducing the burden that affects not only bankers, but the communities that they are attempting to serve.

So, once again I commend the managers of the bill for their efforts, and I urge the swift adoption of this bill. I yield the floor.

Mr. MITCHELL. Mr. President, I would like to commend you and the Banking Committee on the bill you have brought to the floor today. This legislation will provide a much needed economic boost to depressed rural and urban communities by providing assistance to new and existing community development financial institutions [CDFI's].

I would like to ask the chairman to clarify an issue for me. Four organizations in Maine—the Androscoggin Valley Council of Governments, the Eastern Maine Development Corporation, the Kennebec Valley Council of Governments and the Northern Maine Development Commission intend to form a consortium with a statewide banking interest to create a CDFI pending passage of this legislation. Each of these organizations is an Economic Development District designated by the Economic Development Administration.

These organizations represent areas that cover nearly 80 percent of Maine's territory and 60 percent of its population. These are areas that exceed national and Maine average unemployment rates and poverty levels, and consequently fall far behind in per capita income. The organizations I have mentioned monitor the state of the economy in their geographic areas, and correspondingly, develop new initiatives and modify existing programs that address the needs of their local citizens.

Mr. President, it is my understanding that this legislation would preclude agencies or instrumentalities of Federal, State, or local government from being CDFI's. I am concerned that because three of the four organizations I have mentioned carry out functions which give them status as agencies of Government and they might be precluded from participating in this initiative. Could the chairman clarify how these types of institutions can participate in this program?

Mr. RIEGLE. I would be pleased to clarify for my colleague the roles that State, local, regional or quasi-governmental agencies can play in this initiative. While governmental entities may not apply directly for assistance as CDFI's, they may participate in several other ways.

First, a governmental entity—or a bank—can submit a joint application for assistance with a CDFI called a community partnership. A community partnership is an agreement between a CDFI and a community partner to provide development services and loans or equity investments to an investment area or a targeted population. An agreement will specify the functions that the CDFI and the community partner will each perform to achieve the partnership's goals. For example, a CDFI and a local government could agree to rehabilitate several apartment buildings for low-income families. The CDFI could provide renovation and

mortgage financing, while the city could acquire the property, make site improvements, or offer afterschool programs for children who are residents. A community partnership is intended to marry the resources of a CDFI with government and other community organizations.

Second, a governmental entity could invest in a CDFI or provide grants to assist in meeting Federal matching requirements. In the scenario you have described involving the organizations that operate in Maine, these entities could create a new CDFI by investing, making grants, and providing expertise and technical assistance. Assuming this CDFI meets the requirements set forth in S. 1275 and the banking interest does not own more than 25 percent of the CDFI's stock, it would be eligible to apply for fund assistance. By providing matching funds or serving as an investor, a governmental entity could play a key role in setting the priorities of the CDFI. For example, a State industrial development authority could provide funds to match a Federal equity investment. In exchange for the matching funds, the CDFI could agree to operate a microenterprise lending program to serve unemployed residents of a rural county that has lost jobs due to plant closing.

Mr. MITCHELL. Mr. President, in addition to their designation as Economic Development Districts, the four organizations I have mentioned carry out many other important functions as regional planning commissions and councils of government. These multiple roles are necessary to effectively serve the needs of rural areas. Thus, these organizations have developed a wealth of expertise in serving the needs of rural communities and bring resources that individual small towns typically do not possess. Can the distinguished chairman clarify the manner in which the expertise and resources these organizations can be tapped in establishing a CDFI?

Mr. RIEGLE. I thank my distinguished colleague for raising this important question. In fact, in my home State of Michigan, officials in Wayne County are working to establish a CDFI. As in Wayne County, governmental entities can assist in establishing a CDFI by providing planning, financial, and technical assistance, but most importantly—by providing leadership and getting other organizations and private investors on board in supporting a local CDFI.

The purpose of this legislation is to create a national network of independent, market-oriented institutions that have the ability to respond quickly and efficiently to market opportunities in distressed communities. Governmental entities, while very effective in promoting community development in many circumstances, generally speaking, they are not flexible enough to respond to quickly changing economic forces.

CDFI's are a new hybrid-type of organization that have been found to be highly effective in restoring market forces in distressed communities. They combine the market orientation of forprofits with the commitment to distressed communities typical of government and nonprofits. CDFI's are not intended to supplant the activities of government—they will complement them. In communities that already have CDFI's, these organizations work effectively in partnership with government. They are another tool to help localities eradicate poverty.

Mr. MITCHELL. I appreciate the support of the chairman in clarifying the intent of this legislation. I look forward to the passage of this bill.

CDFI MATCHING REQUIREMENTS

Mr. WELLSTONE. I would like to commend the chairman of the Banking Committee for his leadership in developing this important legislation. As a cosponsor of S. 1275, I am extremely pleased the chairman has been able to bring it to the floor, and I look forward to voting in favor of its passage.

I would like to thank the chairman—for myself and on behalf of our colleagues Senators LEAHY, DASCHLE, PRYOR, WOFFORD, and FORD—for his willingness to include in the manager's amendment a provision that will help ensure rural applicants to the Community Development Financial Institutions [CDFI] Fund have an equal chance to participate in the program. I would like to thank, as well, the ranking minority member of the Banking Committee, Senator D'AMATO, for his cooperation in arriving at acceptable language.

As the chairman knows, the new provision will allow rural applicants to the CDFI fund who face severe constraints on raising private matching funds to utilize funds from two Department of Agriculture rural economic development programs for a portion of their match. The programs are USDA's Intermediary Relending Program and the Rural Business Enterprise Program. The money from these programs would be considered as non-Federal for this purpose.

As the chairman also knows from the letter our colleagues and I sent, our intention was to overcome any inadvertent bias in the CDFI program that might have put rural applicants at a disadvantage, despite the regional diversity directive contained in the bill. I am gratified he has agreed to make that adjustment.

This exception to the matching requirements should provide flexibility for applicants who are working in rural communities with very limited resources.I would suggest that when regulations are drafted to implement the provision of the legislation concerning matching requirements, particular attention be paid to the criteria used to determine whether an applicant is severely constrained, and therefore eligible to make use of the reduced match. I look forward to having the opportunity to comment on such draft regulations. it was my intention and that of the other signatories of the letter urging this provision, that factors such as the following would be taken into account when considering rural applicants—the relative availability of matching funds from private sector sources; the relative economic distress of the community to be served; and whether the applicant would target investment to a particularly disadvantaged population or a community that is losing population.

Could the chairman indicate whether he shares my understanding of the manner in which the matching requirements will operate given the changes in the manager's amendment? I would also ask the chairman whether he agrees that the criteria I suggest for determining whether applicants are severely constrained in raising matching funds are reasonable?

Mr. RIEGLE. I would like to thank my distinguished colleague from Minnesota for his kind remarks's I would also like to explain what the matching requirements of the Community Development Financial Institutions [CDFI] Fund are and why they are important. The intent of this initiative is to establish a national network of market-responsive institutions that are specifically dedicated to community development. There are many existing institutions that have grown up from the urban and rural grassroots and been successful in promoting revitalization. One of the greatest impediments to the expansion of existing or creation of new CDFI's is the availability of investment capital. The CDFI fund is created for the purpose of providing patient capital to enable CDFI's to grow. however, it is equally important, if these institutions are to be responsive to the market, that private and other local funds be leveraged and invested in CDFI's. Thus, the fund requires CDFI's to come up with a local match from non-Federal sources.

Generally speaking, CDFI's must provide one dollar in matching funds for each dollar of fund assistance. The fund has some discretion to adjust the match if it finds that some types of institutions have a greater capacity to leverage Federal dollars. The fund also has the discretion to lower the match for some institutions that face severe constraints on available sources of matching funds. The fund may reduce the match for up to 25 percent of the funds available in any fiscal year in two ways: One, it can reduce the match by up to 50 percent; or two, it can allow funds from the Community Development Block Grant Program, the Intermediary Relending Program, and

the Rural Business Enterprise Program to be used for up to 60 percent of the match.

I appreciate Senator WELLSTONE's remarks concerning the factors that the Fund should take into consideration in determining what constitutes severe constraints. I believe his suggestions are reasonable and appropriate. I urge the fund administrator to consider these factors and others that address the constraints experienced by our nation's poorest communities. I appreciate and am sympathetic to Senator WELLSTONE's concerns about rural communities. I believe Senator WELLSTONE's amendment will help many people located in both distressed rural and urban communities by recognizing the disparities that often exist in attracting capital.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LIEBERMAN). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. FEINGOLD. 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. FEINGOLD. Mr. President, I ask unanimous consent to speak as in morning business.

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

HUMAN RIGHTS IN COLOMBIA

Mr. FEINGOLD. Mr. President, I rise to address a serious situation which exists with a key Latin American ally of the United States. I am speaking of Colombia. Colombia is widely recognized as one of the most stable democracies in the hemisphere. It has a traditional civilian and democratically elected government. Colombia is the largest recipient of United States aid in the hemisphere and a critical element in our drug strategy. Colombia is also a country close to the hearts of many people from Wisconsin. My own Dane County has a Colombian sister city, Apartado. Madison, WI is the home of a leading Colombian human rights organization, the Colombian Support Network. I am indebted to these fine Americans for their tireless efforts to uphold the principles of human dignity which should be the foundation of every country including Colombia and the United States.

I know my Senate colleagues understand the troubles which President Gaviria has faced in the last 4 years in his struggles with drug cartels and guerrilla forces. The Colombian people are a spirited and courageous people with a passion for their beliefs. Whether or not their struggles are channeled for good depends on whether their government sustains an environment for legitimate social processes. As allies, I believe that Colombia and the United States need to be truthful with each other—even when the truth maybe difficult to face.

The truth is that there is an increasing intensity of violence that pervades all parts of Colombian society. Human rights violations are widespread; government forces as well as leftist guerrillas and drug lords are guilty of the most heinous acts of murder, kidnapping, and other forms of terror. In spite of many significant reforms under President Gaviria, I'm sorry to say that there appears to be more promises than progress. I believe that Colombian violence is not only a concern for Colombians but for all their regional neighbors. It would be foolish and shortsighted for the United States to overlook such dangers in our own hemisphere. The health and well-being of Colombia is a national interest to the United States.

Although Colombia has been a stable democracy, I too often hear Colombians describe their society in oligarchic terms. That worries me because history teaches that the forces of democracy are not kind to oligarchies and that the resulting struggle is often violent. A Colombian sociologist recently likened the violence in his country to jungle vegetation that grows on weakened social structures. By that metaphor, their structure must be weak indeed because the violence in Colombia is staggering.

Their rate of violent deaths, as documented by any number of international organizations, is among the highest in the world—and growing. In 1992, there were 28,000 murders including over 100 massacres in which four or more people were killed. The 1993 statistics have reached 30,000. The portion of these murders that is best known is related to narcotrafficking. The Medellin cartel of the late Pablo Escobar was notorious for its violent practices. Experts consider the remaining Cali cartel to be more sophisticated but let us not kid ourselves about the willingness of criminals, no matter how sophisticated, to shed blood for their greed.

I know my colleagues are aware of President Gaviria's struggle against narcotrafficking, and with the substantial and—I might add—increasing aid of the United States. As we consider the administration's budget proposals for an additional $80 million of foreign aid to fight drugs, I believe we must also look at President Gaviria's other struggle—the one with leftist guerrillas throughout Colombia. Early in his administration, President Gaviria made significant gestures of reconciliation to these guerrilla forces. Negotiations reached a high point in June 1991 but then the situation deteriorated as guerrilla violence increased. By November 1992, things were so bad that a frustrated President Gaviria seemed to abandon his efforts to achieve broad negotiated settlements. He declared virtual war against the terrorists, murderers, and kidnappers, against that handful of deranged fanatics who have not read in the newspapers the sorry story of the end of communist totalitarianism. Colombian defense spending in 1993 was more than twice their 1990 level. Many outside experts, including the GAO, have warned that today we are unable to prevent Colombia's use of our antinarcotics foreign aid in their war with the guerrillas. Why are such distinctions important, many will ask? There are two reasons. In the first place, we have very limited resources and competing priorities; the administration has placed its Colombian drug strategy high on the list because of Colombia's close relationship to our drug problems at home. We must make every dollar count toward that goal.

I have a second concern as well. Much of Colombian violence is committed by drug lords and guerrillas but as much can be attributed directly or indirectly to the government itself and its escalating war with the guerrillas. I have here, Mr. President, Amnesty International's latest study of this political violence. In their view:

> Although the Colombian government may not itself have instituted policies which have resulted in systematic human rights violations, it is clearly bound by national and international law to ensure the armed forces act within the law. The government's failure to take decisive action to bring those responsible for widespread abuses to justice and to demonstrate that further human rights violations will not be tolerated is more than a tragic omission; it fuels the cycle of violence.

Those are tough words. Let me speak briefly to some of the facts behind the words. To begin with there are several groups who have been associated with this violence: the Colombian military itself, their National Police, and paramilitary groups who receive some levels of clandestine government support but who operate outside of their authority. Let me make myself clear; when I speak of the Colombian military, I am not saying that the President or the Minister of Defense are directly behind this violence. These are abuses committed by individual members of these organizations. My point is that the government has created a climate which—to restate it in Amnesty's words—a climate which fuels the cycle of violence.

One example occurred in the past year in the course of an army counterguerrilla operation. Last November, the government announced that an army battalion commander had been discharged because of reports that his troops had massacred 13 people. It turns out, this officer—a commander who ought to set an example for his troops—had been implicated in another massacre in 1988 in which 21 plantation workers died. In that case a warrant

was issued for his arrest but he was never arrested or brought to trial. His punishment was a promotion. Maybe he did set an example after all. This kind of impunity undermines authority and encourages overzealous behavior in operations which are ripe for human rights abuses. According to Amnesty International, impunity is a phenomenon which continues today unabated.

Mr. President, it is worth understanding why counter-guerrilla operations are so ripe for abuses. The nature of guerrilla warfare makes it hard to tell the good guys from the bad guys. In too many cases government forces just stop trying to identify those noncombatants—the innocents protected around the world by international law. As the saying goes, they "fight the guerrillas by removing the water from the fish." We all know what that means. In Colombia it is common for the army or paramilitary units to enter a rural village and give all the villagers three simple choices; help fight guerrillas, leave the village or face torture and death. As a result many of Colombia's cities face swelling ranks of peasant refugees who are traumatized and destitute.

Ironically, the expansive Colombian military justice system effectively precludes civil jurisdiction in such cases. The Colombian constitution even contains a doctrine of due obedience that protects those operating under orders. We also remember the doctrine of due obedience. It is in some ways reminiscent of Nuremberg.

Let me conclude, Mr. President, by turning my attention to the plight of those peasant refugees of the guerrilla war and others among the poorest of Colombia's urban population. Again the Colombian Government has created a climate which fuels the cycle of violence. Many Colombian cities have death squads who, to use their own words, "eliminate and eradicate, by whatever means, all those elements not fit to live in society such as bandits, pickpockets, and drug addicts." That was a motto of a more selective death squad. Others have included prostitutes, homosexuals, vagrants, street children, and even trash collectors. According to Amnesty International, most of what some Colombians call "social cleansing of disposable people" appear to be carried out by police agents many of whom are contracted by local traders seeking to protect their economic interests.

Amnesty has provided a gripping example. In June of 1992, the Colombian State Council, their highest judiciary body, ruled that two police agents had killed an individual and ordered the Ministry of Defense to pay damages to each of his parents. The Ministry of Defense rejected the ruling and in their statement said, "at no time was evidence presented that the police force or the public administration were at fault, hence there is no case for the payment of any compensation by the nation." So far, so good. But they went on to add that there was no case "particularly for an individual who was neither useful nor productive, either to society or to his family, but who was a vagrant whose presence nobody in the town wanted."

Mr. President, I believe this level of disdain for the dignity and worth of the least of our brethren undermines the significant progress which Colombia has made on paper. In the words of Amnesty International, "the failure to ensure respect for human rights and the rule of law cannot be compensated for by the introduction of numerous largely ineffectual measures ostensibly designed to safeguard human rights, but which in reality have mainly served to protect the government's national and international image."

Frankly, Mr. President, I believe those of us concerned with social problems at home can learn much from the Colombian experience. But I must point out that the biggest distinction which presently separates our two countries is our respect here for the rule of law. Colombia has spent 37 of its past 44 years under some form of a state of emergency during which time constitutional guarantees have been side-stepped. President Gaviria has had his country under these conditions since 1992. The Human Rights Commission of the Organization of American States has called upon President Gaviria to reserve these states of emergency for only the most serious matters and to use routine measures to deal future internal disturbances—as yet to no avail.

Mr. President, I close in search of ways in which we can help the government and the people of Colombia. I would like to see the administration exert every effort to encourage a cease fire on the parts of the guerrillas and of the government and to return to negotiations. I would also challenge the administration and the Colombian Government to seek innovative and practical solutions to the "end-use monitoring" problem in order to ensure both countries that our military aid provided for fighting drugs is only used for that purpose. With a cease fire in place, we could also be more confident that our aid provided for fighting drugs is only used for that purpose. And finally, I urge the administration to insure that all contacts with members of the Colombian Government reflect the highest respect for the rule of law and human dignity.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GORTON. 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. GORTON. Mr. President, I ask unanimous consent to proceed as if in morning business.

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

RESTORATION OF BYRNE FORMULA GRANTS

Mr. GORTON. Mr. President, Edward Byrne was a young New York City policeman killed in action by drug lords in the 1980's. His heroism inspired the greatest crime fighting tool against drug traffickers that State and local law enforcement have ever known: the Edward Byrne Memorial State and Local Law Enforcement Assistance Program. Since the program was created in 1988, the Byrne granters have provided State and local law enforcement agencies across the country a fighting chance against well-organized, sophisticated, and violent illegal drug operation rings.

You would think that in his tough talk on crime, the President would have remembered this heroic officer whose name has done more to take dope pushers off our streets than has any other. But the President has proposed that we eliminate funding for the Byrne grants. At a time when our families and neighborhoods need effective law enforcement more than ever, we can't afford to forget this successful program.

Let me tell you what the Byrne grants have meant to my State of Washington.

In Yakima, the Lower Valley Narcotics Task Force, called the Law Enforcement Against Drugs or LEAD Task Force, was established by a $350,000 Edward Byrne grant. Most of the annual grant financed the wages of a nine-detective operation coordinated by Washington State Patrol officers. Basic equipment from notepads to chairs was borrowed or donated to the outfit. The LEAD task force received a $100,000 cut last year and subsequently lost two detective positions.

Despite this minimum amount of support, the LEAD task force has arrested 191 people, seized 23,152 grams of cocaine, 108.8 grams of heroin, 99,670 grams of marijuana, 1,500 marijuana plants, 208.9 grams of LSD, 175 grams of methamphetamines, and over 100 weapons. More than half of those arrested were upper level distributors of narcotics. In 1992, the task force, working with the Yakima County sheriff's office, conducted a drug trafficking investigation that resulted in 17 arrests and convictions.

The Spokane Regional Drug Task Force dismantled a cocaine distribution ring in 1992 which had been responsible for smuggling over 40 kilograms in the Spokane area. The task force arrested 10 people, seized $75,000

in cash, 11 vehicles, a lake cabin, and over $700,000 of assets in Hawaii. Another cooperative investigation with the FBI seized 5,358 marijuana plants worth approximately $10 million and resulted in the arrests of another 10 individuals.

The Thurston County Task Force arrested a multikilogram cocaine dealer who was eventually sentenced to 25 years in jail; $1 million in assets was seized.

The Tri-City Metro Drug Task Force conducted 454 cases in 1992 resulting in 231 arrests.

In 1993, the Mason County West Sound Narcotics Enforcement Team conducted an undercover operation focusing on youth gangs called Operation Rock-and-Roll. Fifty people were arrested and gang participation in the areas was reduced significantly.

The Tacoma Narcotics Task Force was responsible for busting a major methamphetamine distribution network in 1993 seizing more than 100 pounds of ice.

This represents only a small fraction of the impact that these task forces have had on stopping the flow of drugs from distributors to our school grounds. From Grays Harbor County to Okanogan County and from Whitman County to Bellingham, these multijurisdictional task forces are the primary source of drug interdiction in Washington State. Considering the millions in assets seized annually and the prevention of drug abuse, the Byrne grant program in Washington State is among the wisest investments of Federal taxpayer money.

Amazingly, most of these task forces operate on Federal contributions of less than $200,000 a year.

Designed to provide State and local flexibility and control over law enforcement strategies, Byrne money is distributed directly to all States on a population-based formula. I would like to submit for the RECORD a summary of amounts each State received in fiscal year 1994. States or localities must match up to 25 percent of the cost of a program and no more than 10 percent of the formula grant to the State can be used for administrative purposes. From there, nearly two-thirds passes through to local law enforcement and on to the front lines where the money can be used for 20 different law enforcement activities including demand reduction education programs; multijurisdictional task forces that integrate Federal, State, and local drug law enforcement agencies and prosecutors; programs designed to target clandestine drug labs; community and neighborhood crime prevention programs; and white-collar crime and organized crime.

As drug dealers adapt to new law enforcement tactics, these funds are a primary source for innovation and experimentation to keep the bad guys on the run.

Of all the activities permitted under the Byrne grants, the multijurisdictional task forces are among the most cost effective and productive in the fight against crime. In my State of Washington, a total of 21 multijurisdictional task forces, the drug prosecution assistance program, and several community policing programs were funded with Byrne grants totalling $8.2 million in fiscal year 1993. More than half of that amount was dedicated toward multijurisdictional task forces with the Washington State Patrol playing an important role as coordinator and supervisor of many of the teams. In fiscal year 1994, the total State allocation was decreased by 14 percent. An additional 10 percent is currently being withheld due to the State's noncompliance with HIV reporting requirements provided in section 1804 of the Crime Control Act of 1990.

Despite these cutbacks, uncommon cooperation among State and local law enforcement has made Washington State's task forces renowned for their efficiency and effectiveness.

Since it received $500 million in fiscal year 1992, the Byrne program received dramatic decreases to $423 million in fiscal year 1993 and $358 million in fiscal year 1994. While States and localities were adjusting to this substantial cutback in Federal law enforcement assistance, no one was prepared for the administration's dismaying recommendation this year to eliminate the Byrne grants altogether.

After all, this was the President who promised to add 100,000 new cops on our streets. This President was a former Governor who said he understood the effectiveness of the Byrne grant to States, cities, and towns. Unfortunately, law enforcement officials across the country are shaking their heads in disbelief as they hear about page 97 of the fiscal year 1995 budget summary for the Department of Justice which reads:

> The elimination of the Byrne formula grants is requested in order to support expansion of Juvenile Justice Program crime prevention activities and provide some of the funding necessary for the Department to maintain its primary Federal law enforcement responsibilities. Further, the administration believes that the many new State and local assistance programs provisions, offered by the pending Crime Control and Law Enforcement Act, will more than offset the loss of the Byrne Program formula grants. These new State and local programs, authorized in the crime bill, will include grants for community policing, criminal history records upgrades, boot camps, drug courts for youthful and nonviolent offenders, and drug treatment in prisons and jails.

In other words, the administration is saying again "don't worry, you're covered."

The last time we heard that, the President tried to sell a health care package that was equally difficult to understand as an actual improvement. Law enforcement has a right to be skeptical.

First, few would argue with the need for more juvenile justice assistance programs. Our children face enormous challenges and increasingly are becoming both victims and assailants in violent crime. In Washington State, violent crimes by youths have doubled in the last decade despite a 3 percent decrease in the overall youth population.

To think that eliminating the main defense against drug trafficking will not erode our efforts on behalf of children is absurd. Juvenile justice programs and narcotics task forces are part of the same effort and cannot be traded off against each other.

Second, it is not clear what the administration means by "funding necessary for the Department to maintain its primary Federal law enforcement responsibilities." That could mean anything from ethics briefings for the White House to salaries and expenses of a special prosecutor. Since much of the Byrne money goes to multijurisdictional task forces that include Federal law enforcement and pursue interstate drug traffickers, it is hard to believe that these are not considered primary Federal law enforcement responsibilities.

Third, law enforcement personnel cannot reasonably rely on the administration's belief that the pending Crime Control and Law Enforcement Act will more than offset the loss of the Byrne Program formula grants. Considering the fact that there is a $16 billion difference between the Senate-passed crime bill, and the House bill currently in the House Judiciary Committee, few can know what, if anything, will emerge from a Senate-House conference comparable to the Byrne grants. In any case, the administration displays a complete lack of appreciation for the role of the multijurisdictional task forces when it suggests that boot camps, drug courts for youthful and nonviolent offenders, and drug treatment in prisons and jails can replace their effectiveness. The Byrne grants fund programs with proven success. We cannot trade one for the other.

Fourth, the administration seems to neglect the substantial sum, nearly $2 billion according to some estimates, that these multijurisdictional task forces generate in seized assets.

Finally, the President's enthusiasm over hiring 50,000 new officers perplexes many of those in and outside of law enforcement. In doing so, he suggests that eliminating experienced narcotics officers who are primarily responsible for drug interdiction before the drugs get to the cities, can somehow be justified by hiring rookie cops in the big cities for a period of 3 years. What makes for a great photo opportunity with big city mayors is simply a horrible policy. It exemplifies an administration run by a campaign mentality, instead of the public interest.

Mr. President, we desperately need new police officers in our cities, but not at the expense of law enforcement in rural areas. In taking from rural task forces to pay for new city police, the President is blatantly suggesting we rob Peter to pay Paul when both are obviously needed.

Perhaps the reason for the administration's hostility to the Byrne grants is simpler. According to an article in the February 28, 1994, issue of the Legal Times:

Reno has long complained about the amount of Justice Department dollars over which the department has little control. Reno aides say she believes the money is often doled out in an ad hoc manner, without the benefit of a well-coordinated national strategy. "Our view is that it makes sense to target these dollars where they are needed most rather than through a formula program," says Justice Department spokeswoman Julie Anbender.

If the Federal Government had a history of wiser spending habits than State governments, this argument would be persuasive. Instead, it simply sounds like a turf war for control over taxpayer dollars that most Americans would like to see spent at the State or local rather than the Federal level. Governors and local law enforcement are usually more qualified to determine where dollars are needed most than a Federal bureaucracy.

I urge my colleagues to listen to those on the front line. Last December, I met with representatives of the Washington State Association of Sheriffs and Chiefs of Police to discuss law enforcement needs in Washington State. I highly recommend to my colleagues a similar meeting if they want to know the truth about the impact of eliminating the Byrne grants. According to the Washington State Patrol, loss of the Byrne grants would be devastating. An impact analysis claims that:

Interjurisdictional cooperation would be greatly impaired;

Loss of BJA funding would cause approximately 80 percent of the multijurisdictional task forces to disband. The effectiveness of the remaining 20 percent would be greatly reduced;

Rural areas would suffer the most because they do not have funds to replace lost federal dollars; and

Drug control strategy is adversely impacted if task forces fold. Traffickers will move into areas where there is a lower law enforcement presence.

In the real world, the loss of the Byrne Grant Program is disturbing to many and frightening to those in the field. Imagine yourself as a narcotics smuggler. You hear through your contacts that the DEA office is closing due to budget cutbacks. Good news. You notice that the FBI is reassigning agents away from your area due to a hiring freeze. Good news. You see that fewer State patrols are doing drug investigation because of cuts in the State budget. Good news. You read that the local police force lost a vote in the city council to hire additional narcotics officers. Good news. Finally, you hear on the radio that the President has recommended elimination of those pestering task forces that have been trailing you. You win. There is no effective effort to stop your poisonous trade. The future looks good.

Mr. President, there is an awful lot of good news these days for drug dealers. And that is bad news for our children, our neighbors, our schools, and our Nation. Drugs shatter young lives and they strip them of the American dream. In the coming days, I and thousands of police officers across the country will be reminding the President and the Congress about Officer Edward Byrne.

We will try our best beginning with the budget resolution to ensure adequate funding for the task forces which we cannot afford to sacrifice. I urge my colleagues to join me in this effort all the way through the appropriations process. The Edward Byrne Task Forces are claiming substantial victories in the war against drugs. The drug lords would like us to surrender, but our children's future demands that we keep fighting until we have won.

Mr. President, I ask unanimous consent that the tables to which I referred earlier be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

[Dollars in millions]

Formula grant program allocation of funds	Fiscal year 1994 State allocation	Percentage to be passed through to local jurisdictions
Alabama	$5,827,000	50.95
Alaska	1,595,000	21.97
Arizona	5,465,000	61.04
Arkansas	3,756,000	54.87
California	37,704,000	63.15
Colorado	5,033,000	58.82
Connecticut	4,808,000	36.96
D.C.	1,597,000	100.00
Delaware	1,717,000	26.87
Florida	16,980,000	61.56
Georgia	8,946,000	53.39
Hawaii	2,278,000	46.45
Idaho	2,167,000	52.41
Illinois	14,765,000	64.51
Indiana	7,647,000	56.78
Iowa	4,248,000	40.79
Kansas	3,904,000	47.49
Kentucky	5,373,000	32.30
Louisiana	6,007,000	51.92
Maine	2,368,000	41.59
Maryland	6,748,000	44.47
Massachusetts	8,048,000	36.64
Michigan	12,149,000	53.10
Minnesota	6,237,000	70.29
Mississippi	4,012,000	52.52
Missouri	7,088,000	58.22
Montana	1,878,000	58.56
Nebraska	2,810,000	60.36
Nevada	2,477,000	62.01
New Hampshire	2,220,000	51.46
New Jersey	10,184,000	57.67
New Mexico	2,780,000	42.23
New York	22,502,000	63.29
North Carolina	9,055,000	41.36
North Dakota	1,653,000	56.16
Ohio	14,032,000	64.42
Oklahoma	4,725,000	45.41
Oregon	4,445,000	46.98
Pennsylvania	15,216,000	64.83
Rhode Island	2,093,000	41.76
South Carolina	5,192,000	42.53
South Dakota	1,743,000	47.16
Tennessee	6,886,000	48.78
Texas	21,950,000	65.60
Utah	3,057,000	49.76
Vermont	1,575,000	25.11
Virginia	8,500,000	30.04
Washington	7,020,000	60.25
West Virginia	3,056,000	47.93
Wisconsin	6,866,000	61.98
Wyoming	1,451,000	54.95
Puerto Rico	6,095,000	0.00
Virgin Islands	1,016,000	0.00
Guam	1,054.000	0.00
American Samoa/Northern Mariana Islands	1,002,000	0.00
Total	358,000,000	

[1] American Samoa (67%)–$671,340, Northern Mariana Islands (33%)–$330,660.

Note.—State population figures are based on Bureau of Census estimates as of July 1, 1992. Territory population figures are based on Bureau of Census 1990 Census as of April 1, 1990.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MATHEWS. 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. MATHEWS. Mr. President, I ask unanimous consent that I be allowed to speak as if in morning business.

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

MAGNIFICENT

Mr. MATHEWS. Mr. President, I rise this afternoon to say one word in celebrating the life and mourning the passing of Frank C. Gorrell, one of Tennessee's most eminent statesmen and celebrated citizens. That word is—magnificent.

I cannot say magnificent as Frank Gorrell did, and he said it often, every time anyone asked how he was or how things were going. But I do not need to imitate his thundering good cheer and contagious conviction. The halls of the Tennessee legislature will always echo with his voice and his trademark reply—magnificent.

Frank died March 12. That is a simple fact, as are the bare facts of all our lives. And, as is always the case, the facts do not capture the quality of his service to Tennessee and the caliber of commitment that he brought to every task.

He was a gifted attorney and senior partner in one of the South's most prominent law firms. He served as Lieutenant Governor of Tennessee for 5 years and a State senator for 9. He once said that he left public office because people were starting to call him a politician. Any of us would be honored to be called a politician if we could be compared to Frank Gorrell.

Even when Frank left public office, he never left public service. He remained an earnest advocate for public interests and was confidant to Tennessee's highest State leaders, including Gov. Ned McWherter, Vice President AL GORE, and Senator JIM SASSER.

I knew him in all those roles, but I knew him best as my friend. He was a bear-sized man who was as large as life in every way. Above all, he had a competitor's heart. He loved the contest, and he loved to win. The bigger the battle the better he liked it, and Frank brought on some of the biggest battles in the history of Tennessee's legislature. But after the fight was done, he was ready to embrace his adversary and carry on for the good of Tennessee.

Tennessee is diminished by his death. The support and sympathy of all Tennesseans go out to his wife Candy, his sons Frank III and Rick, and each member of his family.

The man who succeeded Frank, Tennessee's current Lieutenant Governor, John Wilder, summarized Frank's life best. He said, "The tragedy of life is not death but a failure to live, and Frank lived until he died to the fullest."

That he surely did. Magnificent, Frank. We will all miss you.

Mr. President, I yield the floor.

Seeing no one seeking recognition, 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. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993

AMENDMENT NO. 1528

(Purpose: To authorize a study of the effects on small business concerns in the forest products industry of designating the northern spotted owl as a threatened species)

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

The PRESIDING OFFICER. Would the Senator seek consent to set aside the pending amendment?

Mr. PACKWOOD. I ask unanimous consent to set aside the pending amendment.

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

The clerk will report.

The legislative clerk read as follows:

The Senator from Oregon [Mr. PACKWOOD] proposes an amendment numbered 1528.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . STUDY OF EFFECT OF THE NORTHERN SPOTTED OWL ON SMALL BUSINESS CONCERNS.

(a) DEFINITIONS.—For purposes of this section—

(1) the term "Administrator" means the Administrator of the Small Business Administration; and

(2) the term "small business concerns" has the same meaning as in section 3 of the Small Business Act.

(b) FINDINGS.—The Congress finds that—

(1) a critical and worsening timber supply shortage exists within the social and economic area that generally corresponds to the range of the Northern spotted owl, including Western Oregon, Western Washington, and Northern California, as a consequence of various actions by the Federal Government aimed at stabilizing and recovering the Northern spotted owl as well as other species thought to be associated with old-growth forests; and

(2) numerous small business concerns rely for their livelihood on the adequate harvest of timber from Federal and non-Federal lands within the range of the Northern spotted owl and related species.

(c) BUSINESS STUDY.—The Administrator shall conduct a study that analyzes—

(1) the nature and extent of economic losses to small business concerns in the forest products industry that have occurred subsequent to the designation of the Northern spotted owl as a threatened species pursuant to section 4 of the Endangered Species Act of 1973, or that are reasonably likely to occur in the future as a result of present trends;

(2) the ability of small business concerns to recoup the fair market value of equipment and other property employed in the harvest and processing of timber prior to the listing of the Northern spotted owl as a threatened species; and

(3) the ability of small business concerns in the affected area to offer alternative products or services for which there is a ready or likely suitable market.

(d) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this section, the Administrator shall submit a report of the results of the study conducted under subsection (c) to the President and to the relevant committees of the Senate and the House of Representatives.

(2) OPTIONS.—The report shall include options for Congress and the President for compensating small business concerns for economic losses and for promoting business transition and diversification.

(3) CONSULTATION.—In preparing the report, the Administrator shall consult with small business concerns in the forest products industry, and shall solicit comments from the public.

Mr. PACKWOOD. Mr. President, this is a simple amendment and it calls for a study. It does not call for expenditure of any money other than what the study may cost.

It is an amendment to require the Small Business Administration to conduct a study of the effects of the northern spotted owl on small business concerns.

Numerous small business concerns rely for their livelihood on the adequate harvest of timber from Federal and private lands in the range of the northern spotted owl. This amendment will require the Small Business Administration to analyze the ability of small business concerns to recoup the fair market value of equipment used in the harvest and processing of timber prior to the listing of the northern spotted owl.

The Small Business Administration will also analyze the ability of small business concerns to offer alternative products or services for which there is a ready or likely suitable market.

Not later than 6 months after the enactment of this amendment, the Small Business Administration must submit a report of its findings.

Mr. President, the market for used sawmill and logging equipment has become saturated since the spotted owl was listed as a threatened species.

This equipment is selling for a fraction, a very small fraction of its fair market value at the time the spotted owl was listed as a threatened species.

The Clinton administration proposes an economic and community assistance program that will provide modest assistance through the Rural Development Administration and Economic Development Administration. I support that.

But, Mr. President, I am afraid that barely scratches the surface. That is why I am calling on my colleagues to support the amendment which directs the Small Business Administration to fully analyze the need for assistance and the adequacy of current and proposed Federal programs.

It is my hunch that the Small Business Administration will find an enormous gap between what is needed and what may become available for the future.

Let me use a couple examples if I might, Mr. President.

Sawmills. You hardly think in terms of used equipment as a sawmill, but a used sawmill will sell now for about 5 percent of its former market value. There is no timber. A sawmill is of no use if there is no timber. The best you can do is scrap it and hopefully use the equipment that is in it at some other mill that may have access to timber someplace else in the country.

Or you are an independent contracting log truck driver. You own your own truck—and this is very common. You own usually one truck. You repair it yourself; you work 8, 10, 12 hours a day hauling logs under contract. The log truck is not good for anything else. You do not use it to haul asphalt. You do not use it to deliver bread. You use it to haul logs.

When the Federal Government, because of the Endangered Species Act and the spotted owl, stops the harvest of logs, you, through no fault of your own, have lost in essence all of the value of your truck.

So all I am asking with this amendment is that the Small Business Administration do a study of these effects. I am not asking that money be appropriated. I am not asking that the Federal Government buy the trucks or buy the mills. I am simply asking that we have a study so that we might know

the effect in, and they are usually rural areas—small town areas, might know the effect of these Federal actions on these small businesses.

I thank the Chair. I hope that the amendment would be adopted.

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. PACKWOOD. 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. PACKWOOD. Mr. President, I ask unanimous consent that Senator GORTON be added as a cosponsor of the pending amendment.

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

TITLE I, SUBTITLE B

Mr. D'AMATO. Our amendment includes language directing the Federal Reserve Board to prohibit acts or practices in connection with mortgage lending that it finds to be associated with abusive lending practices or otherwise not in the interest of the borrower. I believe it would be helpful if we took this time to elaborate on this provision and how we intend it to be applied by the Federal Reserve.

Mr. RIEGLE. Certainly. I am extremely concerned about evidence that I have received indicating that lenders are repeatedly refinancing home equity loans, rolling the borrower from one loan into another. In the process, the lender extracts points and fees on each new loan while extending little in the way of new money.

I am including for the RECORD a case that I have received from the National Consumer Law Center as an example. In this instance, an elderly Massachusetts couple wound up refinancing their loan 8 times in 39 months. Each refinancing included a prepayment penalty of 6 months interest as well as other fees. They finally repaid the loan through yet another refinancing with a different lender. By the end of the process, they had received a total of $48,630. For use of that amount, they paid $85,410.

In the version of subtitle B of title I of S. 1275 reported by the Banking Committee, we attempted to address this problem by preventing lenders who refinanced loans covered by the legislation from charging points or fees on any portion of the loan refinanced. The lender could only charge points on new money originated.

This approach is problematic, however, as it eliminates the incentive for a lender to refinance even when the terms of the new loan are clearly more advantageous to the borrower. Even worse, it seemingly encourages refinancings that enlarge the outstanding balance in order to generate fee income.

Given these problems, we have removed this restriction from the legislation and replaced it with a directive to the Federal Reserve Board. The directive instructs the Board to prohibit "acts or practices with regard to refinancings of mortgages that the Board finds to be associated with abusive lending practices."

To illustrate such practices, I have included for the RECORD a flyer that was sent to the elderly Massachusetts couple to whom I have already referred. As I mentioned, this couple refinanced their loan eight times in 39 months, incurring prepayment penalties and fees each time. The flyer shows how the lender encouraged these transactions. In bold type, the solicitation offers to the borrower a "$5,000 guaranteed increase to your loan." What the borrower receives, however, is not a $5,000 increase, but a new loan that generates $5,000 in new money. At the same time, the transaction generates prepayment penalties on the old loan, as well as origination fees on the new loan.

The directive also instructs the Board to prohibit practices associated with refinancing that are "otherwise not in the interest of the borrower." As you are aware, we gave considerable thought to preventing the charging of points and fees on any refinancing that is not in the interest of the borrower in this legislation. We abandoned this language for fear that a vague standard in this area would lead to endless litigation. I would expect, however, that the Board could identify standards that could be applied. Clearly, there are refinancings that are undoubtedly in the interest of the borrower. When a 15-percent mortgage is replaced with a 10-percent mortgage of similar term with no points and fees, the borrower is certainly better off.

At the same time, however, there are also refinancings that clearly are not in the interest of the borrower. Lenders who convince borrowers to pay substantial prepayment penalties and origination fees in order to obtain new loans on substantially similar terms and without significant new money originated are simply rolling the borrower to generate fee income.

These sorts of practices must be stopped. We have attempted to draw bright lines in this legislation in order to minimize any impact on the rest of the mortgage market. In areas that did not lend themselves to clear statutory tests, we instead have relied on the Board to address abusive lending practices. There should be no mistake about our intentions, however. These abusive lending practices are going on, and we want them stopped. I expect that the Board will act as we have and stop unscrupulous lenders from strip mining the equity out of borrowers' homes.

Mr. D'AMATO. I have one other question. The bill provides for civil penalties for failure to comply with any requirement under section 129 of truth in lending. Would a violation of a Federal Reserve Board regulation promulgated under section 129 constitute a violation for which civil liability may be found?

Mr. RIEGLE. Absolutely, it is well established that a violation of a regulation promulgated under a statutory provision is a violation of a requirement under that provision.

Mr. D'AMATO. I thank the chairman for his explanation. I agree with his analysis.

Mr. RIEGLE. I ask unanimous consent that flyers and a case study of the Massachusetts couple to which I previously referred be printed in the RECORD.

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

CASE STUDY—MR. AND MRS. H

Mr. H is 77 years old and Mrs. H is 70. They have lived in their home in Mattapan, Massachusetts for 25 years. In September 1986, the H's entered into the first in a series of seven high interest rate mortgage loans with Financial Enterprises Corporation. The H's were referred to FEC by a loan broker because they sought to consolidate their car loan and a credit card bill. At the time, they owned their $140,000 home free and clear of liens.

The September 1986 mortgage was at an initial rate of 16.5% and was purportedly for the amount of $20,650. Of the $20,650 proceeds of the loan, $800 was paid to Bernard Shuster as an attorney fee and $700 was paid to the loan broker. Bernard Shuster was president and chief operating officer of the company. The loan note contained a penalty of six months interest in the event of prepayment during the loan term.

Almost immediately after the loan was made and at all times during the course of dealing between the H's and FEC, FEC sent the H's monthly notices informing them they were eligible for guaranteed new loans for additional small amounts of cash. The notices did not inform the H's that the new loans would require a prepayment of their prior loan with a resulting prepayment penalty. Copies of some of the advertisements are attached.

In response to the advertisements the H's went to FEC for the following series of refinancings:

a. On December 31, 1986, the H's obtained additional cash in the amount of $1,553.21. In addition, the principal paid in the new loan included a prepayment penalty of six months interest and an attorney fee of $500 paid to Bernard Shuster for a total new obligation of $23,000 at 16.5% interest.

b. The H's went to FEC for refinancing on February 5, 1987 and obtained additional cash in the amount of $10,091.62. In addition, the new loan included a prepayment penalty of six months interest and an attorney fee of $250 payable to Bernard Shuster for a total new obligation of $33,700 at 16.5% interest.

c. The H's went to FEC for refinancing on September 1, 1987 and obtained additional cash in the amount of $5,083.68. In addition, the new loan included a prepayment penalty of six months interest and an attorney fee of $500 payable to Bernard Shuster for a total new obligation of $39,400 at 16.5% interest.

d. The H's went to FEC for refinancing on September 9, 1988 and obtained additional

cash in the amount of $4,382.48. The new loan included a prepayment penalty of six months interest and an attorney fee of $500 payable to Bernard Shuster for a total new obligation of $45,000. At the time of this transaction, the initial interest rate for the loan increased to 17% even though prevailing interest rates had decreased.

e. The H's went to FEC for refinancing on March 16, 1989 and obtained additional cash in the amount of $3,296.45. The new loan included a prepayment penalty of six months interest and an attorney fee of $500 payable to Bernard Shuster for a total new obligation of $50,000. At the time of this transaction, the initial interest rate for the loan increased to 18.5% even though prevailing interest rates had decreased.

f. The H's final loan with FEC for refinancing was made on June 26, 1989. They obtained additional cash in the amount of $5,072.53. The new loan included a prepayment penalty of six months interest and an attorney fee of $850 payable to Bernard Shuster and a $125 fee for document preparation for a total new obligation of 57,800 at 18.5% interest.

Copies of the loan disclosures for each transaction are attached. Between each refinancing the H's made all payments due on the loans as scheduled. Nevertheless, due to prepayment penalties invoked by FEC, at the time of each and every refinancing, the principal claimed due on the prior loan was actually greater than the principal loaned by FEC to the H's in that prior loan. For example, even though the H's made 12 payments on the September 1, 1987 loan before refinancing on September 9, 1988, FEC claimed that the balance owed on the prior loan had increased from an initial balance of $39,400 to $40,117.52, presumably because of prepayment penalties. FEC repaid itself that amount in the refinancing of September 9, 1988.

By bifurcating the loan transaction into seven transactions, FEC not only benefitted by invocation of hidden prepayment penalties which consecutively ratcheted up the principal of each loan, but also, FEC principal Bernard Shuster collected $3,900 in attorney fees for work performed which would not have been due in a single transaction.

Sometime after June 26, 1989, FEC gave the H's name to a loan broker without their authorization. The broker called the H's out of the blue and offered to arrange a loan for them at a lower rate than their loan with FEC. In November, 1989, that loan broker arranged a mortgage loan for the H's with a third party lender. FEC, after invoking additional prepayment penalties, was paid at least $64,800 from the proceeds of that loan.

Over a thirty-nine month period, FEC advanced the H's no more than $48,629.97. Over that same period, FEC was repaid at least $85,410.14. (By way of comparison that payback on a 39 month loan of that size would have an effective APR of 38%.) Each and every transaction between the H's and FEC was fully secured by a mortgage taken by FEC on the H's residence. The H's residence had a fair market value in excess of $140,000. By June 26, 1989, FEC held seven open mortgages. (Retention of open but paid mortgages has long been used in the industry to scare off companies willing to provide alternate financing at lower rates. See *Bookhart* v. *Mid-Penn Consumer Discount Co.*, 559 F. Supp. 208 (E.D. Pa 1983)). None of the abusive loan terms in the series of transactions can be justified by market forces, because full security based on the value of the H's residence meant that FEC could obtain repayment by foreclosure if the H's couldn't pay. (FEC, has in fact, commenced approximately 250 foreclosures in Massachusetts and has threatened many more.)

Although the series of transactions started out with relatively modest payments of $310.54, the final transaction involved payments of more than $1,000, an amount which exceeded 60% of the H's fixed income. Although the H's made payments for several years on the last in the series of transactions, (because Mr. H returned to manual labor), payments could not be made after Mr. H became too disabled to work. The third party lender which paid off FEC is now foreclosing.

[Flyer No. 1]

YOU QUALIFY FOR A $5,000 GUARANTEED INCREASE IN YOUR LOAN

DEAR VALUED CUSTOMER: Now that the Fall is approaching, we are pleased to offer you a guaranteed addition to your present loan—to use in any way you see fit.

This is the ideal time to make those final improvements to your home before the winter arrives. You may need to upgrade your heating system, obtain a new roof, new siding, insulation or replacement windows.

Or . . . perhaps you would like to purchase a car, consolidate your outstanding debts or pay for the coming year's tuition costs . . . We will increase your present loan for any worthwhile reason.

This exceptional offer is valid only to you for 60 days upon receipt of this letter. If you would like to take advantage of this offer please call Steve Burns at our toll free number 1-800-538-6900.

If you satisfy some basic conditions, we can have the money in your hands in days.

Sincerely,

STEVE BURNS,
Financial Enterprises.

[Flyer No. 2]

YOU QUALIFY FOR A $7,500 GUARANTEED INCREASE IN YOUR LOAN

DEAR VALUED CUSTOMER: Now that the Spring is approaching, we are pleased to offer you a guaranteed addition to your present loan—to use any way you see fit.

This is an excellent opportunity to get additional cash that can make your life better . . . major home improvements, remodeling, vacation or almost any personal or business reason where extra cash can help. And best of all, you can receive additional funds in three business days!!!

Or . . . perhaps you would like to purchase a car, consolidate your outstanding debts or pay for the coming year's tuition costs. We will increase your present loan for any worthwhile reason.

This exceptional offer is valid only to you for 60 days upon receipt of this letter. If you would like to take advantage of this offer please call Steve Burns on our toll-free number, 1-800-538-6900.

If you satisfy some basic conditions, we can have the money in your hands in days.

Sincerely,

STEVE BURNS,
Financial Enterprises Corp.

Mr. WOFFORD. Mr. President, I support the Community Development Banking and Financial Institutions Act. I believe it will spur lending in underserved areas and I believe it will help the private sector to create jobs.

The manager's amendment to S. 1275 includes an amendment, the Rural Capital Formation Amendment, that I and Senator LEAHY have proposed. The purpose of this amendment is to make sure that the benefits of this legislation are felt in our rural communities. It will specifically give new and small rural community development banks more flexibility in meeting the matching requirements.

I thank the committee chairman, the distinguished Senator from Michigan, and the ranking member, the distinguished Senator from New York for their assistance and cooperation.

Mr. RIEGLE. Mr. President, I thank the distinguished Senator from Pennsylvania for his support and his attention to the capital needs of our Nation's rural communities. I am pleased to have worked with Senator WOFFORD and Senator LEAHY in making this improvement to the legislation.

Mr. PACKWOOD. 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. DODD. 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. DODD. Mr. President, I ask unanimous consent that I may be able to proceed as in morning business for 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Mr. President, I am not going to object. My amendment is pending.

I ask unanimous consent to add Senator HATFIELD as a cosponsor of my amendment.

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

Mr. PACKWOOD. I have no objection to the Senator speaking.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. I thank the Chair.

(The remarks of Mr. DODD pertaining to the introduction of S. 1939 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. 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. PACKWOOD. Mr. President, I withdraw the amendment that I have previously offered.

The PRESIDING OFFICER. The amendment is withdrawn.

The amendment (No. 1528) was withdrawn.

AMENDMENT NO. 1529

(Purpose: To authorize a study of the effects on small business concerns in the forest products industry of designating the northern spotted owl as a threatened species)

Mr. PACKWOOD. Mr. President, I send to the desk another amendment that may have the wrong number on it. I think it has the same number as the other amendment.

The PRESIDING OFFICER. Without objection, the pending amendment will be set aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oregon [Mr. PACKWOOD] proposes an amendment numbered 1529.

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

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . STUDY OF EFFECT OF THE NORTHERN SPOTTED OWL ON SMALL BUSINESS CONCERNS.

(a) DEFINITIONS.—For purposes of this section—

(1) the term "Administrator" means the Administrator of the Small Business Administration; and

(2) the term "small business concerns" has the same meaning as in section 3 of the Small Business Act.

(c) BUSINESS STUDY.—The Administrator, in consultation with the Secretary of the Interior, shall conduct a study that analyzes—

(1) the nature and extent of economic losses to small business concerns in the forest products industry that have occurred as a result of the designation of the Northern spotted owl as a threatened species pursuant to section 4 of the Endangered Species Act of 1973, or that are reasonably likely to occur in the future;

(2) the ability of small business concerns to recoup the fair market value of equipment and other property employed in the harvest and processing of timber prior to the listing of the Northern spotted owl as a threatened species; and

(3) the ability of small business concerns in the affected area to offer alternative products or services for which there is a ready or likely suitable market.

(d) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this section, the Administrator and the Secretary of the Interior shall submit a report of the results of the study conducted under subsection (c) to the President and to the relevant committees of the Senate and the House of Representatives.

(2) OPTIONS.—The report shall include options for Congress and the President for compensating small business concerns for economic losses and for promoting business transition and diversification.

(3) CONSULTATION.—In preparing the report, the Administrator and the Secretary of the Interior shall consult with small business concerns in the forest products industry, and shall solicit comments from the public.

Mr. PACKWOOD. Mr. President, there is a slight change. I am indebted to both Senator BAUCUS and Senator CHAFEE and their staffs for calling this to my attention. We made a slight change in the bill. The findings have been stricken out, and the findings, of course, are not critical to the bill. Then we have added the words, after "Administrator," referring to the Small Business Administrator, in various places, "in consultation with the Secretary of the Interior."

And on page 2 of the bill, line 25, the wording has been changed from "* * * forest products industry that have occurred subsequent to the designation"—that has been changed to "* * * forest products industry that has occurred as a result of the designation."

And those are the only changes in the bill, other than other references to the Secretary of the Interior acting in conjunction with the Small Business Administrator.

I am delighted Senator BAUCUS and Senator CHAFEE called this to my attention.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. RIEGLE. Mr. President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 1523, AS MODIFIED

Mr. RIEGLE. Mr. President, I want to send an amendment to the desk that will address an earlier amendment, amendment No. 1523, which was previously agreed to.

I now want to send an amendment to the desk that will modify amendment No. 1523.

I might just say, by way of explanation, this is to conform to the changes that Senator SHELBY and Senator MACK have sought and that we have worked out on a bipartisan basis within the committee.

The PRESIDING OFFICER. Without objection, the amendment will be so modified.

The modification is as follows:

On page 20 of the Riegle amendment, No. 1523, strike out lines 11 and 12 and insert between lines 17 and 18 the following:

(3) The appropriate Federal banking agency may require an institution with total assets in excess of $9,000,000,000 to comply with this section notwithstanding the exception provided by this subsection, if it determines that such exemption will create a significant risk to the affected deposit insurance fund if applied to that institution.".

On page 25 of the Riegle amendment, No. 1523, strike lines 8–14 and insert the following:

SEC. 337. INSIDER LENDING.

(a) LOANS TO EXECUTIVE OFFICERS BY MEMBER BANKS.—Section 22(g)(2) of the Federal Reserve Act (12 U.S.C. 375a(g)(2)) is amended by striking "With the specific prior approval of its board of directors, a member" and inserting "A member".

(b) EXTENSIONS OF CREDIT TO EXECUTIVE OFFICERS, DIRECTORS, AND PRINCIPAL SHAREHOLDERS OF MEMBER BANKS.—Section 22(h)(8) of the Federal Reserve Act (12 U.S.C. 375b(h)(8)) is amended—

(1) by striking "MEMBER BANK.—For" and inserting the following: "MEMBER BANK.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), for"; and

(2) by adding at the end the following:

"(B) EXCEPTION.—The Board shall have the authority by regulation to suspend the applicability of any or all of this subsection, except for the provisions of paragraph (2), with respect to any individual who is a director or an executive officer of a subsidiary of the company that controls the member bank, if the Board finds that such individual does not actually participate in major policymaking functions of the member bank.".

On page 132 of the committee substitute strike lines 21 and 22 and insert the following:

"(2) in subparagraph (C), by striking "and its composite condition was found to be outstanding;" and inserting "and its composite condition—

"(i) was found to be outstanding; or

"(ii) in the case of an insured depository institution that has total assets of less than $175,000,000, was found to be outstanding or good;".

Mr. RIEGLE. Mr. President, I urge the adoption of the amendment, as modified.

The PRESIDING OFFICER. The Chair would rule that it is implicit within the consent. The Chair would rule that that action has taken place; that the modification has been agreed to.

Mr. RIEGLE. All right. So that now we have perfected the underlying amendment with the change just sent to the desk.

The PRESIDING OFFICER. The Senator is correct.

Mr. RIEGLE. I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1530

(Purpose: To improve reporting requirements on monetary instruments and transactions)

Mr. RIEGLE. Mr. President, I now rise on behalf of Senator BRYAN and Senator BOND to ask unanimous consent that the Anti-Money Laundering Act be included as an amendment to this bill. The language is modeled after S. 1664. I now send that amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for Mr. BRYAN, for himself, Mr. BOND, Mr. RIEGLE, and Mr. D'AMATO proposes an amendment numbered 1530.

Mr. RIEGLE. 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 text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. RIEGLE. Mr. President, I urge the adoption of the amendment.

Mr. BOND. Mr. President, I rise today in support of this amendment to add S. 1664, the Anti-Money Laundering Act of 1993, to S. 1275. This amendment will reduce the number of currency transaction reports which banks have to file under the Bank Secrecy Act. Senator BRYAN, Chairman RIEGLE, and I introduced S. 1664 on November 17, 1993.

I believe that this bill, added to S. 1275, the Community Development, Credit Enhancement and Regulatory Improvement Act of 1993, will help relieve bank regulatory burden, improve compliance under the Bank Secrecy Act, and better money laundering deterrence efforts.

Action must be taken to relieve the banking industry of the burden of unreasonable regulatory requirements it now faces. The bank regulators currently require all kinds of burdensome compliance reports, activities and documents that cost significant amounts of time and resources. Consequently, banks, are generating too many reports and other paperwork of questionable value, instead of making loans.

In particular, to help combat money laundering, banks have to file a Currency Transaction Report [CTR] for all currency transactions over $10,000. The American Bankers Association estimates that it cost banks almost $130 million to file 9.2 million CTR's with the Internal Revenue Service in 1992. The utility to the Government of this massive number of reports has yet to be proven.

This amendment will help to reduce drastically the number of useless CTR's which are filed with the Government, thus reducing, in part, bank regulatory burden. The Anti-Money Laundering Act of 1993 would create mandatory exemptions for transactions between depository institutions, transactions with any U.S. Government or agency, and transactions with any business or category of business where CTR's have little or no value for law enforcement purposes. In addition, Treasury would have the discretion to exempt transactions between a depository institution and its qualified business customers who most frequently engage in transactions which are subject to reporting requirements under the Bank Secrecy At.

I am well aware of the serious problem this situation has created for the banking industry and have been in consultation with my colleagues on the Senate Banking Committee to find solutions. Bank regulatory reform is one of my highest priorities. I also consider it a key to economic growth.

A companion bill, H.R. 3235, has already been acted on in the House. I ask my colleagues for their support on this bipartisan measure to relieve bank regulatory burden.

Mr. BRYAN. Mr. President, I want to acknowledge with respect to the pending amendment the work of several of my colleagues who have made this amendment possible.

I ask unanimous consent that the chairman of the committee, Senator RIEGLE; the ranking member, Senator D'AMATO; and my senior colleague, Senator REID, be added as cosponsors to the amendment.

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

Mr. BRYAN. Mr. President, I appreciate that.

STATEMENT ON THE ANTI-MONEY LAUNDERING ACT OF 1994

Mr. President, Senator BOND, Senator RIEGLE, Senator D'AMATO, and I are offering an amendment to S. 1275, the Community Development Credit Enhancement, and Regulatory Act of 1993 which will greatly improve our efforts to combat money laundering.

This amendment will reduce the number of currency transaction reports banks are required to file, while making the process more effective at identifying suspicious customer transactions.

This amendment is based on the text of S. 1664 and a House companion bill (H.R. 3235) introduced by Congressman GONZALEZ.

I want to commend Congressman GONZALEZ for his leadership in this area.

Yesterday, the Senate Banking, Housing, and Urban Affairs Committee held a hearing on this antimoney laundering legislation.

The testimony gave compelling evidence as to why this measure is necessary.

The Department of Treasury, General Accounting Office and various industry groups testified in favor of the legislation. The Bank Secrecy Act is widely viewed as an important part of the Federal Government's efforts against money laundering, particularly as it relates to the drug trade.

In theory, Federal investigators use currency transaction reports [CTR's] to identify large cash transactions which are the results of illegal activity.

While Federal antimoney laundering enforcement has had some successes, there are serious problems with the current system. One of the major problems investigators face is the sheer volume of CTR's filed—10 million annually—more than they could ever hope to have the resources to investigate fully.

A study conducted on behalf of the Independent Bankers Association of America [IBAA] found that community bank employees spent over 2 million hours each year complying with the Bank Secrecy Act.

The study calculated the compliance costs at nearly $60 million.

The excessive number of reports filed, many of which clearly have no bearing on Federal money laundering enforcement, place a great strain on both Federal investigators and the business which must file the CTR's.

Filing CTR's consumes many hours of valuable employee time and requires substantial investments in equipment and tracking systems.

Generally, financial institutions and other businesses subject to the Bank Secrecy Act willingly absorb the expense of filing CTR's as part of the cost of doing business, and part of their responsibility in controlling money laundering.

There is, however, a limit to the burden that these private businesses can be expected to bear.

In addition, the Federal Government has a responsibility to ensure that the efforts of the businesses filing CTR's are not wasted, and that the requirements of the Bank Secrecy Act produce useful information which can lead to tangible results in money laundering enforcement.

The amendment we are introducing today will both increase the effectiveness of the Bank Secrecy Act and reduce its burden on private businesses.

Our amendment establishes a system of exemptions under which transactions that are clearly of no interest for law enforcement purposes, such as transactions between banks, or between a bank and a Government agency, do not trigger CTR's.

It also provides institutions the option of developing a list of regular business customers who, with the approval of the Treasury Department, would also be exempt from CTR's.

The amendment requires the Secretary to implement rule changes which will reduce the volume of CTR's filed by depository institutions by at least 30 percent, a goal which we believe could be easily met by careful implementation of the new system of exemptions.

In addition to reducing the overall volume of unnecessary CTR's, the amendment closes a number of loopholes which launderers are using to get around the current detection system.

Mr. President, the Bank Secrecy Act has a laudable goal: to fight money laundering.

Unfortunately, the current regulations for reporting cash transactions are a bureaucratic maze, creating confusion and inefficiency in both financial institutions and law enforcement agencies.

The reforms we are proposing in this measure will go a long way to both reducing unnecessary paperwork while, at the same time, expanding the effectiveness of our Federal money laundering enforcement efforts.

Mr. President, this amendment accomplishes two purposes which we all can support. It deals with strengthening provisions in the antimoney-laundering statutes to require that some areas which are currently exempted and have provided loopholes—which has been difficult for the law enforcement community—are added to the law; and the testimony from the Treasury Department and others expressing their support of those strengthening provisions to eliminate existing loopholes.

In addition, Mr. President, also it addresses a concern with respect to the preparation of the currency transaction report. Under the current law with respect to financial institutions, currency transactions which exceed $10,000 generate under the law what is called a CTR, or currency transaction report.

This enables law enforcement to monitor certain types of activity and to thereby ferret out money laundering. Unfortunately, this effort has been hampered because the generation of these CTR's has simply overwhelmed the ability of the law enforcement community to effectively monitor. Currently, some 10 million currency transaction reports are generated each year.

The testimony is that about 40 percent of those reports deal with regular, well-established businesses that in no way address the concern that the bill in its original form, enacted some years ago, was designed to address. Nevertheless, there are many people that are required to generate these CTR's that contribute to this overwhelming volume.

This amendment mandates the reduction in the volume of currency transaction reports by 30 percent within a period of 6 months after the law goes into effect. So that provides areas which are standard exemptions, all fully approved and supported by Treasury, and a category of discretionary exemptions, the effect of which enhances the law enforcement community to monitor those transactions, which may raise questions of possible illegal activity, and also to lighten the burden on the financial community which currently estimates the cost of preparing each one of these reports to be about $3 to $4 a copy.

As I have indicated previously, this currently results in some 10 million of these reports going into a data processing center in Detroit. That is simply beyond the ability of the law enforcement community to effectively and adequately monitor.

I want to acknowledge again the support of the distinguished chairman of this committee, who appears as a cosponsor, and the distinguished ranking member, who also appears as a cosponsor, Senator DODD, who was an original primary cosponsor with me.

I am pleased that this amendment has been cleared on both sides of the aisle and will be adopted.

I yield the floor.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1530) was agreed to.

Mr. D'AMATO. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. RIEGLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. RIEGLE. With no amendments or speakers present who want to continue this debate at this time, I will now ask unanimous consent to speak as if in morning business on a different subject for a period not to exceed 5 minutes.

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

COMPREHENSIVE HEALTH CARE REFORM

Mr. RIEGLE. Mr. President, I have on regular occasion come to the floor to present stories of individuals and families in Michigan who are facing a health care crisis of one kind or another to illustrate how serious the problems are in this area that face people and why we need comprehensive health care reform.

Today, I want to share the story of Ralph and Lennell Tucker who live in Detroit, MI. In March last year, the family was forced to drop their private health care coverage policy because the monthly premium increased by 50 percent. It went from $530 a month to over $800 a month for family coverage.

Now, Ralph Tucker is 50 years old and a former employee of the Mercury Paint Co. in Detroit. In 1991, he was diagnosed with kidney failure and was forced to leave his job because of his disability. He did not qualify for retirement benefits so he did not receive retiree health coverage. The Tuckers were covered under Ralph's health policy while he was working. When he left the job, they maintained the policy by paying the premiums themselves at the cost of which I noted, $530 a month, which is a heck of a large bill to have to pay each month.

When a person leaves a job that offers health insurance, Federal law now requires the health insurance company to offer the employee the same insurance rates that the business paid, but only for a limited period of time. When that period ended last year, the insurance company raised the rates they charged the Tuckers to the $800 figure for each month. Now, that is half of their entire monthly income, and so as everyone would understand, the Tuckers just were not able to afford to spend half their income to maintain that health insurance coverage, and so they had to discontinue their coverage.

Now, Ralph does receive Social Security disability benefits and Medicare coverage because of his kidney condition. Unfortunately, the Medicare benefit does not cover the entire cost of his dialysis treatments, nor does it cover the cost of prescription drugs.

Ralph's wife, Lennell, is 48 years old and also suffers from disabling conditions that prevent her from working. In 1985, she was working in a nursing home as a nurse's assistant when she suffered a stroke. Her employer did not offer health insurance, but then she was covered under her husband's policy. Lennell tried to go back to work, but her condition only worsened. In addition to having a stroke, she suffers from hypertension and rheumatoid arthritis and needs medication to control her conditions.

Lennell and Frank have a 16-year-old son named Ricardo. He is dependent upon his parents for support. Ricardo is healthy but his parents do worry that if anything were to happen to him, they would not be able to pay for his care. So in this case the mother and the son do not have any health insurance coverage at all, and Ralph is forced to rely on his Medicare coverage, which obviously does not do the job.

The Tucker family is trying to do the best they can to cover their medical and other costs of living, but it is extremely difficult to survive on the small Social Security check that Ralph receives each month. The family's total monthly income is $1,625. Because they no longer have prescription drug coverage to help with the cost of their medicines, the Tuckers often ration their medications to try to make them last longer. If they took the full dosages that their doctors want them to take, their medications alone would cost $800 to $1,000 a month, more than half their income.

So you can see in this situation, if they tried to continue their health insurance coverage at $800 a month, pay the $800 a month in addition for the medicines they need, that is their entire monthly income without putting one piece of bread on the table, paying any utility bills, buying any clothes, or any of the necessities of life we all face.

For a few months, they struggled to try to pay as much as $500 a month for medications they needed as a family. But in addition to drug costs, each

month the Tuckers have a balance of $300 they must pay to the dialysis facility in order to get the treatment Ralph needs just to stay alive. Because they could not afford to continue to spend a total of $800 a month, or half their income, on both medication and the kidney dialysis, they have had to, again, cut their medication use and now they are spending $575 a month on just medicines alone, or fully 35 percent of their income.

Lennell delays going to her physician because of the cost of the visits and tries to manage her high blood pressure by monitoring it at home. She regularly asks her physician to send her medication samples because she cannot afford to properly fill the prescriptions she needs.

I say, Mr. President, the Tuckers and all Americans deserve the security of guaranteed, affordable health care coverage that will meet their basic health needs. Both Ralph and Lennell were hard workers and were forced to leave their jobs because of devastating, and now chronic, medical problems. They do not want these medical problems, but life brings these things our way and that has happened to them and countless other millions across the country.

Because our current health care system does not guarantee everyone health care coverage at a price they can afford, this family is suffering each day without the proper care and treatment that they need. It is not right in America today, not for the Tuckers or anybody else, to be in that situation.

We need health care reform to make sure no family has to forgo and be without the medical treatment they need because they are either too sick to be able to work in order to earn the income to pay the bill, or because they do not have any other means to get the insurance or the medicines they need to try to maintain their health as best they can.

So we very much need national health care reform. I am proud that the President has taken the lead on this issue, to take the issue to the country and to try to force change into place, change that is clearly needed for families like this. This story could be any family story depending upon the circumstances that might strike a given family.

I am confident that we can work this problem through if we decide it is important enough for the people of America. They want us to do it. They are asking us to do it. It is one of the reasons they elected a new President a year ago—to put us into a position to be able to have major health care reform to provide affordable health care coverage to our people, and with it, the medicines people need to maintain their health and well-being.

Mr. President, I yield the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993

The Senate continued with the consideration of the bill.

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

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

Mr. RIEGLE. Mr. President, let me inquire of the Chair. Is the amendment earlier offered by Senator PACKWOOD at the desk?

The PRESIDING OFFICER. Senator PACKWOOD's amendment is the pending question.

Mr. RIEGLE. I am prepared to support that amendment, and we are prepared to move that amendment at this time. So I ask that we do so. I ask the Chair to put the question.

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

The amendment (No. 1529) was agreed to.

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

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RIEGLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LIEBERMAN. Mr. President, I rise today in strong support of subtitle B of the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1993. Subtitle B creates the Small Business Capital Enhancement Program which I had the privilege of coauthoring with the chairman of the Banking Committee, Senator RIEGLE, Senator STEVENS, and Senator DODD. Mr. President, this provision is designed to bridge the credit gap and make bank financing more readily available to the countless number of small businesses and entrepreneurs presently unable to secure financing with conventional lending institutions.

Mr. President, this program represents a new and innovative market-based approach to small business lending. It will enable banks to extend credit to firms which have previously been unable to obtain commercial financing. It will do so with a minimum of regulatory oversight and without sacrificing safety, soundness, or conventional credit analysis. It will focus on small loans from a diverse assortment of companies. And, the program will accomplish all this with a negligible amount of Government resources and with no hidden governmental liability.

Mr. President, smaller and newer businesses, by definition, provide a greater degree of risk for financial institutions than do large businesses. Banks routinely assess and cover against different degrees of risk in a variety of ways—by charging fees, increasing interest rates, or through portfolio diversification. This, in combination with recent concerns over safety and soundness stemming from bank and savings and loan failures, and the devaluation of collateral due to the economic recession has resulted in small businesses finding themselves either unable to secure financing at any cost, or priced out of the market by high interest rates, short terms, and excessive demands for collateral.

Alternative sources of funding such as public markets, venture capital firms, or institutional investors provide little relief to the small business. New securities or initial public offerings [IPO's], particularly for smaller and riskier issues, have had and will continue to have difficulty attracting investors. On the other hand, venture capital firms remain focused on high-tech companies that offer prospects of relatively higher and faster returns on investment. This is complicated by the fact that venture capital—whether equity or debt—has been falling off significantly in recent years. Finally, institutional investors such as insurance companies or pension funds can provide financing to smaller firms, but because of complex capital and fiduciary obligations have never focused on developing the systems for evaluating credit risks or growth potential of individual smaller enterprises. Thus, the relative unavailability of both long term debt and equity capital has left many small businesses in a so-called credit gap—the unavailability of financing at any cost, or at costs or terms beyond a small firm's ability to service.

Mr. President, small firms are realizing that previously bankable loans, or loans which were considered on the margin are less and less likely to be approved by commercial financial institutions. This is particularly alarming in light of recent surveys which show that commercial banks have been and remain the most important supplier of debt capital and financial services to the small business sector in the United States.

Since small firms remain the primary creator of new jobs and new inno-

vations in the United States, and since small firms remain the primary place for employee training, this credit gap has profound implications over time for the economy, productivity growth, employment, personal income, and eventually our standard of living.

The U.S. Small Business Administration addresses part of this problem through the 7(a) loan guarantee program by providing guarantees of up to 90 percent of loans made to qualified small businesses by private lenders. While the loan-by-loan guarantee approach is generally regarded as very successful, and has proven to be an invaluable tool for lenders and borrowers alike, it is also clear that it has not filled the credit gap created by events of the past decade. The Small Business Capital Access Program is intended to augment, not replace, the SBA 7(A) guarantee program or any other loan program administered by the Government.

The Small Business Capital Enhancement Program is based on a portfolio insurance concept rather than the traditional loan-by-loan guarantee process. In other words, as opposed to current programs where government provides a guarantee for each individual loan, this program provides a reserve or guarantee on a portfolio of loans. This will enable banks to evaluate risk on a pooled or shared basis and apply an actuarial approach to small business credit analysis. The result will be banks making far more small business loans with far fewer Federal dollars.

In 1986, the State of Michigan, under the leadership of former Governor Blanchard, implemented a similar program which has provided loans to over 2300 loans, for a total of more than $116 million in financing, and has resulted in a leverage ratio—that is total government obligation to total lending—of more than 23:1.

Here's how the program works:

For each bank participating in the program, a special reserve fund would be established to cover future losses from a portfolio of loans which the bank makes under the program. The reserve fund would be owned and controlled by State government, but earmarked in each participant bank's name. Thus each bank participating in the program would have its own separate earmarked loss reserve.

Payments would be made into a bank's earmarked reserve each time the bank makes a loan under the program. The borrower would make a premium payment of between 1½ to 3½ percent of the loan amount and the financial institution would match the payment. The State government would then match that payment. To make this program less onerous on the states, the Federal Government will reimburse the states for half of their contribution. So under this four part matching system, a bank could have anywhere from a 6 percent to a 14 percent loan loss reserve on the portfolio.

If a bank makes a portfolio of loans under the program, it might have a reserve equal to, for example, 10 percent of the total amount of that portfolio. In such a situation, the bank could sustain a loss rate of up to 10 percent on that portfolio and still be completely covered against loss. This gives the bank the ability to absorb a higher loss rate—perhaps 5, 6 or 7 percent—than it could tolerate on its conventional loans—usually 1 or 2 percent. Since this arrangement offers the bank a higher degree of coverage against loss than normally available, the institution may be able to offer more favorable interest rates and terms to small businesses.

The bank, however, must still be prudent in making loans under this program since it is completely at risk for any losses that exceed the coverage provided by the reserve. Because of this incentive for prudence, there will be little need for strict regulatory supervision. The bank would decide whether or not and under what terms and conditions to make a loan.

The limited need for regulatory oversight is a critical component in the implementation of this program. Unlike other Government loan programs which require strict oversight due to the Government's large hidden liability which is inherent in any guarantee program, the Capital Enhancement Program has a limited Government liability—at most, 3½ percent of a loan or a portfolio of loans. This compares to traditional guaranteed lending programs where the Government's exposure is as high as 85% of the loan amount.

Also worth noting is the program's built-in bias for small business loans. Because this concept is based on insuring a portfolio of loans as opposed to one loan, there is a structural incentive to build a large portfolio of diverse and smaller loans.

Thus, through this arrangement of shared risk, the Small Business Capital Enhancemenet Program would encourage banks that have been cutting back on commercial lending to extend credit to those small firms most affected by the credit crunch.

Mr. President, this program has strong state support. Small Business Capital Enhancement Programs have already been established in Arkansas, Indiana, Connecticut, Colorado, Delaware, Massachusetts, Minnesota, New Hampshire, Oklahoma, Oregon, Utah, Vermont, and West Virginia.

Mr. President, the continuing lack of credit for small businesses is strangling our economy and further impeding economic recovery. Credit is the fuel of economic growth. Without credit, businesses cannot grow; without business growth, jobs can not be created; and without job creation this economy will never fully recover. It's as simple as that. The Small Business Capital Enhancement Program will significantly expand lending to small businesses which will, in turn, create jobs and help put us on the road to economic growth.

AMENDMENT NO. 1531

Mr. RIEGLE. Mr. President, I rise to offer an amendment on behalf of Senator METZENBAUM and myself. The amendment will insure that negative information regarding checks in a consumer credit report includes the date, original payees, and amounts of those checks.

This amendment has been agreed to by Senator D'AMATO.

I send the amendment to the desk, and after it is read I will ask for its adoption.

The PRESIDING OFFICER. Without objection, the pending amendment will be set aside.

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE] for himself and Mr. METZENBAUM proposes an amendment numbered 1531.

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

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

At the appropriate place, insert:

SEC. . Section 609(a) of the Fair Credit Reporting Act (15 U.S.C. 1681g(a)) is amended by adding after paragraph (3) the following:

"(4) The dates, original payees, and amounts of any checks upon which is based any negative information about the consumer included in the file at the same time of the disclosure."

Mr. RIEGLE. Mr. President, I ask that the amendment be agreed to.

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

The amendment (No. 1531) was agreed to.

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

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

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

AMENDMENT NO. 1532

Mr. RIEGLE. Mr. President, I now send to the desk an amendment on behalf of Senators BAUCUS and WALLOP and ask it be incorporated into the bill.

This amendment changes the CDFI selection criteria to require the fund to

take into consideration communities that have experienced a sudden and significant loss of employment since the 1990 census or experienced a major dislocation in its primary employment base.

I ask unanimous consent that the amendment that is now pending be set aside so that we can take up consideration of the Baucus-Wallop amendment, which I now send to the desk.

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

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for Mr. BAUCUS, for himself and Mr. WALLOP, proposes an amendment numbered 1532.

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

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

On page 56, line 24, strike "or";

On page 57, line 4, after ";" insert "or"; and

On page 57, between lines 4 and 5, insert:

"(c) in a community that has experienced a sudden and significant loss in total employment since the 1990 census or a major dislocation in its primary employment base.".

Mr. RIEGLE. Mr. President, I ask that the amendment be agreed to.

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

The amendment (No. 1532) was agreed to.

Mr. D'AMATO. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

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

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

Mr. RIEGLE. Mr. President, let me say for the benefit of colleagues, we have made great progress on this bill today. We have resolved almost every outstanding issue. There are a few issues we anticipate dealing with and resolving tomorrow, and then I believe we shall be able to finish the bill.

MORNING BUSINESS

Mr. RIEGLE. Mr. President, I now ask unanimous consent there be a period for morning business with Senators permitted to speak therein for up to 10 minutes each.

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

A TRIBUTE TO JUDGE MYRON WAHLS

Mr. LEVIN. Mr. President, on Sunday, March 20, 1994, Orchestra Hall in Detroit, MI will resonate with the sounds of three jazz greats, Lionel Hampton, Dorothy Donegan, and Joe Williams. This special concert was organized as a tribute to Michigan Court of Appeals Judge Myron "Mike" Wahls, a truly fine jazz pianist in his own right.

Mike Wahls is special, admired for his hard work on the bench and in the community. He is being honored for that devotion to the law and his community, and for his courage, determination, and good humor in the face of adversity. Mike is waging a battle against a serious illness, but he is not spending a lot of time feeling sorry for himself. He goes about his business and lives his life with grace and dignity, and is a true role model and inspiration for others in how to live with strength, and dignity, and fulfillment.

Mike Wahls has a wonderful family, a multitude of admiring friends and supportive peers. I am proud to join them all in paying tribute to him. And on Sunday, when he goes on stage at the end of the concert to jam with Hampton, Donegan, and Williams, Orchestra Hall will reverberate with the sounds of joyous music, and the audience will be smiling and laughing with Mike Wahls.

TRIBUTE TO EDDIE McGLOIN

Mr. LEVIN. Mr. President, on March 18, 1994, five of Hamtramck, MI's finest athletes from past years will be inducted into the Hamtramck Sports Hall of Fame. At the same time, one of them, Eddie McGloin, will be awarded the E.M. Conklin Humanitarian Award. This award is given to a Hamtramck High School alumnus who has demonstrated excellence in leadership, guidance, and administrative skills.

Eddie McGloin is winning this award because of a long involvement in athletics and a broad career in education, government work, and political activism.

Eddie earned varsity letters in track, cross country, and boxing at Hamtramck High and was also a Golden Gloves boxer and a college boxing champion. He boxed when he was in the Air Force and even enjoyed a brief professional career.

He was a counselor in the Detroit Public School System and worked in employee relations with the U.S. Post Office in Michigan and Illinois. He also worked for the Housing and Urban Development department in Detroit and Buffalo. He received a Superior Accomplishment Award from the Postmaster-General and a Citizen Achievement Award from WWJ.

Eddie worked for two of Michigan's finest public figures, G. Mennen Williams and Phil Hart, and I am proud to say he also worked in my campaigns as a most valuable volunteer.

Mr. President, I am happy to see such a fine person, and I must add, a good friend, honored in such a special way by his alma mater and his community.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, the Federal debt stood at $4,549,059,128,033.88 as of the close of business on Tuesday, March 15. Averaged out, every man, woman, and child in America owes a part of this massive debt, and that per capita share is $17,448.67.

By the way, Mr. President, I began these daily reports on the Federal debt about 25 months ago, on February 21, 1992. Every day since, the CONGRESSIONAL RECORD has carried what we call the "boxscore" identifying the Federal debt down to the penny.

On February 21, 1992, the exact Federal debt stood at $3,982,449,525,016.30. As I mentioned a few moments ago, the exact Federal debt, down to the penny, as of yesterday, March 15, stood at $4,549,059,128,033.88.

If there is anyone who wants to figure out how much the Federal debt has increased during the past 25 months, I will save you the time: It has increased by $566,609,603,071.58.

And the Senate has just rejected a proposed constitutional amendment that would have required a balanced Federal budget.

COMMENDING MARTIN BUSER, BIG LAKE, AK

Mr. MURKOWSKI. Mr. President. I rise today to commend Martin Buser of Big Lake, AK for winning the Iditarod Trail Sled Dog Race for the second time in 3 years.

In winning the gold of the Iditarod in record time, Martin Buser takes his place with other historic Alaskan athletes, including Tommy Moe, the recent gold-medal winner for America in the Olympic men's downhill.

The Iditarod Trail Sled Dog Race is without any doubt the most difficult challenge any athlete could undertake. The trail, winding for more than 1,000 miles through North America's most rugged wilderness from Anchorage to Nome, crosses mountains, forests, muskegs, and open savannahs. Hazards to both humans and dogs include not only the physical challenge of the race, but more exotic experiences, such as avoiding charging moose and angry grizzlies.

Buser crossed the finish line in Nome, on the shores of the ice-covered Bering Sea, at 10:02 p.m. yesterday. His win sets a new record for the race of 10 days, 13 hours, and 2 minutes, more than 2½ hours faster than the old record set last year by another Alaskan, Jeff King of Denali Park.

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The Iditarod is an annual testimony to the strength and stamina possible to both humans and dogs, and to the peerless spirit of competition and good sportsmanship. It celebrates a unique partnership of determination, cooperation and conditioning between each racer and his or her dogs.

The Iditarod Trail was first marked as a dog team postal carrier route in 1910. The race was started as an annual event in 1967, to commemorate a life-saving relay race with time in 1925, when mushers along the trail cooperated to deliver critically needed diptheria serum in time to save the residents of Nome from an epidemic. I am proud to have played a hand in helping the founders of the race, Joe Redington and Dorothy Page, obtain financing for that first race.

THE HOWARD STERN CASE

Mr. D'AMATO. Mr. President, I rise to call attention to one of the most outrageous examples of bureaucratic abuses I have seen during my time in the Senate. The Big Brother in this instance is the Federal Communications Commission [FCC]. The manner in which this agency has dealt with one of my constituents, Infinity Broadcasting Corp., is simply unacceptable. It is a situation that everyone who respects our first amendment freedoms and due process in administrative proceedings must be concerned about.

Infinity Broadcasting Corp., is a publicly traded New York company that is the country's largest company whose business is owning and operating radio stations. They have been in business for 20 years. Upon completion of pending acquisitions, they will own 25 radio stations in 13 major markets, including stations in every one of the top 10 markets. There are many diverse formats on their stations, including rock, country, oldies, all-talk, and all-sports.

This sorry situation that I bring to the Senate's attention involves a recent attempt by Infinity to purchase a Los Angeles radio station. According to news reports, the Commission held up that sale because it did not like the content—the content—of one of Infinity's programs. It apparently did not matter to the FCC that the program in question would not even air on the station Infinity wanted to purchase.

Now, the FCC clearly does not like this program—"The Howard Stern Show." The program is not everyone's cup of tea. I have been on it. I like Howard. But I know some people get offended by some of the things he says on it. That is OK. This is the United States of America. If they do not like it, they can turn it off or turn the dial.

I am not here to debate the merits of Howard Stern. If you like him, you like him. If you do not, you do not. What I do know is that if the Federal Communications Commission, or any citizen in America, thinks that what Stern or anyone else says on the air is indecent, they can file a complaint. There are procedures for adjudicating those complaints. That is the way it should be. If Howard Stern, or Infinity, or anyone else, breaks the law, they should be punished.

That is not what happened here though. And that is what bothers me greatly. What happened here was that because the Federal Communications Commission did not like this particular show, the Commission took revenge on Infinity, a publicly traded company with thousands of shareholders, by holding up the sale of the Los Angeles station to Infinity. A sale like this usually requires 60 days' turn-around at the Commission. This one has taken 271 days so far, and still has not been resolved.

In fact, one Commissioner this past New Year's Eve day, Commissioner James H. Quello, told the New York Times that Infinity's KRTH acquisition would be "delayed indefinitely" because, he claimed, the Commission disapproved of Mr. Stern. As it turned out, the New York Times never checked with the other two Commissioners, who the following week repudiated the story and said that Commissioner Quello did not speak for them. But the harm had already been done—as this one Commissioner must have known. Infinity's stock price had dropped $200 million—about 1 percent of its value over 3 trading days—and Infinity was forced to pay millions more in penalties for the delay to complete the purchase of the Los Angeles radio station.

Now if a member of the Federal Communications Commission feels the content of a show is indecent there are steps that can be taken. That is OK. Those ways protect basic first amendment principles and the due process rights contained in the Communications Act and the FCC's own internal proceedings. Maybe this case got a lot of publicity because it involved a controversial entertainer. But precisely because it did involve controversy, the constitutional concerns become even more real. After all, often the law is not made in cases involving the most perfect of parties. The constitution was written to protect all the different voices in the "marketplace of ideas". The way I read the first amendment, dislike or disagreement with content is clearly not sufficient to punish Infinity in its other, unrelated business dealings.

But here the Commission did just that. The Infinity case highlights an impermissible joining of two FCC proceedings that, as I understand it, are supposed to be kept separate—the sale of a broadcast license and the issuance of notices of apparent liability [NAL's], which is the Commission process for adjudicating indecency complaints. That this improper joining occurred over the enforcement of the indecency standard is particularly troubling. The FCC needs to be particularly careful in this area in light of the due process principles and first amendment concerns articulated by two unanimous D.C. Court of Appeals decisions. In both decisions, the court struck down the foundations of the FCC's enforcement schemes, which should tell it something.

While four notices have been issued against Infinity, it is my understanding that Commission issuance of such a notice of apparent liability along with a proposed fine to a broadcaster does not constitute any determination that there has been a violation of the indecency standard. The Commission has found Infinity violated the indecency standard only once, and it issued a $6,000 fine for that one broadcast 4 years ago. The other cases are still pending at the FCC. Infinity has not yet been able to challenge the $6,000 fine in court, which it has told the FCC it intends to do. In each case, Infinity has denied any violation.

It is these nonfinal notices of apparent liability that the FCC is using for proposing unprecedented fines now totaling over $1 million. And according to news reports—and this gets to the heart of what is wrong—the Commission has also used these same nonfinal notices as its basis for delaying Infinity's purchase of new radio stations. This appears to be in direct contravention of section 504(c) of the Communications Act, which provides basic due process guarantees to each licensee.

Section 504(c) states:

> In any case where the Commission issues a notice of apparent liability looking toward the imposition of a forfeiture under this chapter, that shall not be used, in any other proceeding before the Commission, to the prejudice of the person to whom such notice was issued, unless (i) the forfeiture has been paid, or (ii) a court of competent jurisdiction has ordered payment of such forfeiture, and such order has become final.

Here there is no final court order on the indecency cases, yet the FCC is using these cases as a basis for delaying the acquisition of another station. This is one of the most blatant examples of abuse of regulatory power, arrogance and—yes—regulatory lawlessness that I can remember. Deliberately delaying a decision on an acquisition because of nonfinal notices of apparent liability is in direct violation of section 504(c) of the Federal Communications Act, which was passed by Congress specifically to ensure that due process rights of licenses are protected. Should an FCC Commissioner be above the law? How can we demand licensees follow the law if the FCC does not?

The Federal Communications Commission has an obligation to comply with the direction of a Federal court

and abide by the requirements of the Communications Act and the first amendment. It's that simple. If one or more Commissioners believe an indecency standard has been violated, there are administrative procedures for adjudicating such complaints. But they may not use their personal reactions—or incomplete enforcement proceedings—to penalize program content, or impede or delay a company from doing business and acquiring new broadcast property. Yet that appears to be precisely what happened here.

This is a particularly worrisome form of administrative browbeating. If it can be done to Infinity because of one show, it can be done to any company tomorrow based on the content of a different program with which the Commission does not agree. Maybe tomorrow it is Rush Limbaugh or G. Gordon Liddy. Or maybe Jerry Brown or Lynn Samuels or even some of my colleagues who offer commentaries. Who knows whom it will be? I do not like some of the things I hear on the radio. But that does not matter, because this is the United States.

So where do these guys at the Federal Communications Commission get off doing this? I find myself agreeing with a newspaper I do not often agree with. As the Washington Post stated in a recent editorial:

[The Infinity] case points up a dangerous aspect of government using its licensing and regulatory powers on a part of the press to try to force changes in editorial content. . . . Censorship is arbitrary, and Congress should start thinking hard about getting government out of it.

I ask unanimous consent that this editorial be placed in the RECORD at the conclusion of my remarks.

That is exactly right. It would be a sad thing if the Congress of the United States has to get involved in setting straight something that should be so basic.

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

[From the Washington Post, Jan. 15, 1994]

THE HOWARD STERN CASE

Federal Communications commissioner Andrew Barrett and a source close to Commissioner Ervin Duggan have told Post staff writer Paul Farhi that no, there has never been any agreement to delay or block the purchase of three radio stations by Howard Stern's employer, Infinity Broadcasting Corp. That's good—because there has never been any justification for doing so. In fact there is no justification for what the FCC has done to Infinity already—which has been to hit the company with more than $1.2 million in fines for alleged violations by Mr. Stern of FCC strictures on "language that describes in terms patently offensive as measured by community standards . . . sexual or excretory activities or organs." As Nicholas Lemann wrote on the opposite page Thursday, the whole Infinity-Stern case points up a dangerous aspect of government using its licensing and regulatory powers on a part of the press to try to force changes in editorial content.

What the commission has been doing—and the possibility that it could still move to wreck a $170 million purchase because of what Howard Stern says on the air—is censorship. Though access to the broadcast airwaves is limited and therefore has been treated as a matter for close government regulation, the enormous growth in available television channels for programming, as well the proliferation of radio stations, makes an even stronger case against the old programming requirements that the FCC made up in the name of "fairness" and "diversity" in program content.

Mr. Stern's program can hardly be described as everyone's idea of acceptable entertainment—to put it mildly—but the same could be said about many other talk shows that are readily available on the air at any time of day. Censorship is arbitrary, and Congress should start thinking hard about getting government out of it.

Commissioner Duggan has said that "the idea that we are just sitting on" Infinity's applications to buy stations "is just not accurate. It's premature to say we are blocking the purchases." It shouldn't even be premature. The FCC should make it dead wrong.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 3:59 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1933. An act to authorize appropriations for the Martin Luther King, Jr. Federal Holiday Commission, to extend such Commission, and to support the planning and performance of national service opportunities in conjunction with the Federal legal holiday honoring the birthday of Martin Luther King, Jr.

H.R. 2815. An act to designate a portion of the Farmington River in Connecticut as a component of the National Wild and Scenic Rivers System.

The message also announced that the House has passed the following bill and joint resolution, each with amendment, in which it requests the concurrence of the Senate:

S. 375. An act to amend the Wild and Scenic Rivers Act by designating a segment of the Rio Grande in New Mexico as a component of the National Wild and Scenic Rivers System, and for other purposes.

S.J. Res. 56. Joint Resolution to designate the week beginning April 12, 1993, as "National Public Safety Telecommunicators Week."

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2884) to establish a national framework for the development of school-to-work opportunities systems in all States, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. FORD of Michigan, Mr. KILDEE, Mr. WILLIAMS, Mr. GOODLING, and Mr. GUNDERSON as the managers of the conference on the part of the House.

The message also announced that the House insists upon its amendments to the bill (S. 1284) to amend the Development Disabilities Assistance and Bill of Rights Act to expand or modify certain provisions relating to programs for individuals with developmental disabilities, Federal assistance for priority areas activities for individuals with developmental disabilities, protection and advocacy of individual rights, university affiliated programs, and projects of national significance, and for other purposes, disagree to by the Senate, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. DINGELL, Mr. WAXMAN, Mr. BROWN of Ohio, Mr. MOORHEAD, and Mr. BLILEY as the managers of the conference on the part of the House.

MEASURES REFERRED

The following measures were read the first and second times by unanimous consent, and referred as indicated:

H.R. 1933. An act to authorize appropriations for the Martin Luther King, Jr. Federal Holiday Commission, to extend such Commission, and to support the planning and performance of national service opportunities in conjunction with the Federal legal holiday honoring the birthday of Martin Luther King, Jr.; to the Committee on the Judiciary.

H.R. 2815. An act to designate a portion of the Farmington River in Connecticut as a component of the National Wild and Scenic Rivers System; to the Committee on Energy and Natural Resources.

MEASURES PLACED ON THE CALENDAR

The following measure was ordered placed on the calendar:

H. Con. Res. 218. Concurrent Resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1995, 1996, 1997, 1998, and 1999.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2336. A communication from the Transition Manager of the U.S. Enrichment Corporation, transmitting, pursuant to law, the report for the period July 1, 1993 to September 30, 1993; to the Committee on Energy and Natural Resources.

EC–2337. A communication from the Deputy Associate Director for Compliance of the Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC–2338. A communication from the Deputy Associate Director for Compliance of the Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC–2339. A communication from the Secretary of Energy, transmitting, pursuant to law, the report of the viability assessment of the domestic uranium mining and milling industry for calendar year 1992; to the Committee on Energy and Natural Resources.

EC–2340. A communication from the Secretary of Energy, transmitting, a draft of proposed legislation entitled "Nuclear Waste Disposal Funding Act"; to the Committee on Energy and Natural Resources.

EC–2341. A communication from the Secretary of the Interior, transmitting, pursuant to law, the report on compensatory royalty agreements for oil and gas involving unleased Government lands during fiscal year 1993; to the Committee on Energy and Natural Resources.

EC–2342. A communication from the Chairperson of the Northeast Interstate Low-Level Radioactive Waste Commission, transmitting, pursuant to law, the report for the period July 1, 1992 through June 30, 1993; to the Committee on Energy and Natural Resources.

EC–2343. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, the report on progress on Superfund implementation in fiscal year 1993; to the Committee on Environment and Public Works.

EC–2344. A communication from the Chairman of the Advisory Committee on Reactor Safeguards, Nuclear Regulatory Commission, transmitting, pursuant to law, the report on the Safety Research Program; to the Committee on Environment and Public Works.

EC–2345. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting, pursuant to law, the report on the NRC fee policy review; to the Committee on Environment and Public Works.

EC–2346. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on the prospective drug utilization review demonstration projects; to the Committee on Finance.

EC–2347. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on the evaluation of the Municipal Health Services Program demonstration; to the Committee on Finance.

EC–2348. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on a study of payments for ambulance services under Medicare; to the Committee on Finance.

EC–2349. A communication from the Manager of Operations of the Czech and Slovak American Enterprise Fund, transmitting, pursuant to law, the annual report for fiscal year 1993; to the Committee on Foreign Relations.

EC–2350. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a Presidential determination relative to the Government of Eritrea; to the Committee on Foreign Relations.

EC–2351. A communication from the Assistant Legal Adviser (Treaty Affairs), Department of State, transmitting, pursuant to law, a report of the texts of international agreements and background statements, other than treaties; to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM—403. A resolution adopted by the House of Legislature of the Commonwealth of Puerto Rico relative to the U.S. Navy in Vieques; to the Committee on Energy and Natural Resources.

POM—404. A resolution adopted by the Legislature of the Virgin Islands relative to Pollyberg Gardens; to the Committee on Energy and Natural Resources.

POM—405. A resolution adopted by the Legislature of the Virgin Islands relative to George Simmonds Terrace; to the Committee on Energy and Natural Resources.

POM—406. A resolution adopted by the Legislature of the State of Louisiana; to the Committee on Environment and Public Works.

"A CONCURRENT RESOLUTION

"Whereas, Congress enacted the Oil Pollution Act of 1990 in order to prevent shipping accidents and to ensure that there would be adequate money immediately available to respond to oil pollution discharges, especially those discharges occurring in the ocean; and

"Whereas, the Act increased from $36,000,000 to $150,000,000 the amount of financial responsibility that must be demonstrated by offshore exploration and production facilities; and

"Whereas, the definition of "offshore" in the Act covers facilities in, on, or under the navigable waters of the United States; and

"Whereas, the Louisiana Legislature is concerned that this definition may be interpreted to apply to all marinas, port authorities, utility companies, gas stations, trucking companies, railroads, pipelines, farms, and airports in almost every area of Louisiana; and

"Whereas, the potential effect on the Louisiana economy could be severe because it is unlikely that any but the largest companies will be able to demonstrate the $150,000,000 of financial responsibility required under the Act; and

"Whereas, the broad coverage of the Act is well beyond the historical purview of the Minerals Management Service, United States Department of the Interior, which enforces the Act; and

"Whereas, the Louisiana Legislature agrees with the requirements of the Act to the extent that they relate to large companies conducting offshore activities on the outer continental shelf, but does not agree that the same financial responsibility requirements should apply to small companies that are only indirectly related to offshore activities: Therefore be it

"*Resolved*, That the Legislature of Louisiana urges the United States Congress to amend the Oil Pollution Act of 1990 to the extent that the financial responsibility requirements of persons involved in oil operations more closely reflect the relative risks of those operations: Be it further

"*Resolved*, That in particular, facilities on the outer continental shelf should be the only facilities subject to the kind of high financial responsibility requirements now contained in the Act: Be it further

"*Resolved*, That a copy of this Resolution be transmitted to the honorable Al Gore, Vice President of the United States and President of the United States Senate; the Honorable Thomas S. Foley, Speaker of the United States House of Representatives; and the Louisiana Congressional Delegation."

POM–407. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on Finance.

"A CONCURRENT MEMORIAL

"Whereas, small businesses are extremely vulnerable in times of economic difficulty; and

"Whereas, self-employed individuals may be willing to forgo medical insurance coverage for themselves and their dependents as a cost-saving measure; and

"Whereas, medical insurance for individuals is typically extremely expensive, further reducing its availability; and

"Whereas, the current twenty-five per cent federal income tax deduction for medical insurance costs of self-employed individuals (section 162(1) of the Internal Revenue Code) will terminate December 31, 1991.

"Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

"1. That the Congress of the United States enact legislation extending a full deduction of medical insurance costs of self-employed individuals in computing federal income tax.

"2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and each Member of the Arizona Congressional Delegation."

POM–408. A resolution adopted by the Council of the City of St. Marys, Ohio relative to unfunded Federal mandates; to the Committee on Governmental Affairs.

POM–409. A resolution adopted by the Legislature of the State of Nebraska; to the Committee on the Judiciary.

"LEGISLATIVE RESOLUTION 319

"Whereas, the United States remains the destination for millions of immigrants attracted by the freedoms of liberty, equality, and expression; and

"Whereas, while the right of expression is a principal freedom protected by the United States Constitution, very narrowly drawn limitations on expression in specific instances have long been recognized as legitimate means of maintaining public safety and decency; and

"Whereas, certain actions, while relating to an individual's right to freedom of expression, nevertheless raise issues concerning public order; and

"Whereas, the flag of the United States is a recognized national symbol: Now, therefore, be it

"*Resolved by the Members of the Ninety-Third Legislature of Nebraska, second session:*

"1. That the Legislature encourages the Congress of the United States to consider an

amendment to the United States Constitution, to be ratified by the states, specifying that Congress and the states shall have the power to prohibit the physical desecration of the flag of the United States.

"2. That the Clerk of the Legislature transmit a copy of this resolution to the Speaker of the House of Representatives and the President pro tempore of the Senate of the United States, to all members of the Nebraska delegation to the Congress of the United States, and to the President of the United States."

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. ROTH:

S. 1934. A bill to amend the Immigration and Nationality Act to facilitate the apprehension, detention, and deportation of criminal aliens, and for other purposes; to the Committee on the Judiciary.

By Mr. LAUTENBERG (for himself, Mr. WELLSTONE, and Mr. FEINGOLD):

S. 1935. A bill to prohibit lobbyists and their clients from providing to legislative branch officials certain gifts, meals, entertainment, reimbursements, or loans and to place limits on and require disclosure by lobbyists of certain expenditures; to the Committee on Governmental Affairs.

By Mr. McCAIN (for himself and Mr. INOUYE):

S. 1936. A bill to provide for the integrated management of Indian resources, and for other purposes; to the Committee on Indian Affairs.

By Mr. DODD:

S. 1937. A bill to amend the Community Services Block Grant Act to establish a new Community Initiative Program to carry out economic development activities in economically distressed communities, to make other amendments to the Act, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

S. 1938. A bill to amend the Low-Income Home Energy Assistance Act of 1981 to authorize appropriations for fiscal years 1996 through 1999, remove impediments to the exercise of States discretion to shape their programs and to concentrate their resources on those with the greatest home energy needs, and for other purposes; to the Committee on Labor and Human Resources.

S. 1939. A bill to authorize the establishment of a free-trade area in the Western Hemisphere; to the Committee on Finance.

By Mr. BRADLEY:

S. 1940. A bill to amend the Congressional Budget Act of 1974 to require that the allocations of budget authority and budget outlays made by the Committee on Appropriations of each House be agreed to by joint resolution and to permit amendments that reduce appropriations to also reduce the relevant allocation and the discretionary spending limits; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one Committee reports, the other Committee have 30 days to report or be discharged.

By Mr. BUMPERS (for himself, Mr. SIMON, Mr. CONRAD, Mr. LAUTENBERG, Mr. FEINGOLD, and Mr. LEAHY):

S. 1941. A bill to terminate the Milstar II Communications Satellite Program; to the Committee on Armed Services.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. D'AMATO:

S. Con. Res. 62. A concurrent resolution expressing the sense of the Congress that the President should not have granted diplomatic recognition to the former Yugoslav Republic of Macedonia; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH:

S. 1934. A bill to amend the Immigration and Nationality Act to facilitate the apprehension, detention, and deportation of criminal aliens, and for other purposes; to the Committee on the Judiciary.

CRIMINAL ALIEN CONTROL ACT OF 1994

Mr. ROTH. Mr. President, I rise today to introduce the Criminal Alien Control Act of 1994. This comprehensive legislation addresses the staggering problem of criminal aliens in this country.

There is no doubt that our immigration system has many problems. I hope that this year we will consider comprehensive reforms of the entire immigration system including reforming our abused and overrun asylum process. But, we cannot reform our immigration system without addressing the problem of criminal aliens.

Criminal aliens encompass two areas of great concern to the American people: crime and the control of our borders. Criminal aliens occupy the dangerous intersection of those two problems. I hope that we can all agree that those who came to this country and commit serious crimes have no place here. We do not need to import criminals.

As ranking minority member of the Permanent Subcommittee on Investigations, I recently conducted an investigation and held 2 days of hearings regarding the problem of criminal aliens and the governmental response to that problem. I am grateful to Senator NUNN, our chairman, for his support and assistance in the investigation.

Our investigation found that criminal aliens are a serious threat to our public safety that is costing our criminal justice system hundreds of millions of dollars.

Criminal aliens now account for an all time high of 25 percent of the Federal prison population. The subcommittee staff estimates that there are a total of 450,000 criminal aliens in all parts of our criminal justice system.

Not only is the problem enormous but it is growing rapidly.

As this chart here shows, it represents the fastest growing segment of the Federal prison population. I will just point out that in 1988, we had a little less than 11,000; by 1993, 5 years later, we have 22,626, a tremendous growth rate; unbelievable.

As I said, aliens are the fastest growing segment of the Federal population. It is this growth, on top of the already staggering numbers, that arouses our great concern.

Although our investigation found that the Immigration and Naturalization Service is not adequately responding to the criminal alien problem, the INS does not deserve all the blame. Congress deserves blame for our criminal alien deportation laws, created piecemeal, that set out an irrational, lengthy, and complex process. This next chart shows just how confusing and complicated the current process is.

I will remind you that the proposed health reform structure is just as complicated. It is no wonder that we are not deporting criminals as rapidly as we should be.

Problems with the INS, however, are many. For example, the INS is unable to even identify most of the criminal aliens who clog our State and local jails before these criminals are released back onto our streets.

Many criminal aliens that are identified are released on bond while the lengthy deportation process is pending. It should be a surprise to no one that many skip bond and never show up for their hearings. According to INS figures, in 1992, there were nearly 11,000 aliens convicted of aggravated felonies, the most serious crimes, who failed to show up for their deportation hearings.

Ironically, the INS does routinely provide criminal aliens with work permits legally allowing them to get jobs while their appeals are pending. One INS deportation officer told my staff that he spends only about 5 percent of his time looking for criminal aliens, because he must spend most of his time processing work permits for criminal aliens.

As for actual deportation, the final step in the process, even when final deportation orders are issued for criminal aliens they are often not actually deported. The INS has reported that there are over 27,000 aliens, including many criminal aliens, who have been ordered deported yet remain at large.

One frustrated INS official told us that only the stupid and honest actually get deported.

Finally, even when the system works and a criminal alien is deported, reentry into the United States is so easy that it makes the whole process appear to be a giant exercise in futility. PSI obtained long lists of criminal aliens who have repeatedly been deported and reentered this country.

As many of us know, certain State and local governments have been highly critical of what they see as the Federal Government's inability to effectively police our Nation's borders. Yet,

some of these same jurisdictions have passed laws and adopted official policies prohibiting their local police departments from cooperating with Federal immigration officials. I think that is hypocritical. I offered an amendment to the crime bill that was adopted 93–6 that would cut crime bill funding to entities that adopt such policies of noncooperation. A similar provision is included in this legislation.

My legislation addresses the serious problem of criminal aliens by simplifying, streamlining, and strengthening the deportation process for criminal aliens.

My legislation simplifies existing law by eliminating the confusing array of crimes for which criminal aliens are deportable. Under my legislation, any alien who commits any felony is deportable—period. My legislation streamlines the deportation process for criminal aliens by, among other things, requiring aliens who are not permanent residents and who wish to appeal deportation orders, to do so from their home countries, after they have been deported. My legislation further streamlines the process by allowing, for the first time, State and Federal judges to order the deportation of criminal aliens. Once an alien has been convicted beyond a reasonable doubt of having committed a felony, having had the benefit of all due process that is required in our criminal justice system, there is no reason why the sentencing judge should not also be permitted to enter an order of deportation at the time of sentencing. My legislation also restricts the defenses currently used by criminal aliens to delay or avoid deportation and strengthens the existing law by enhancing penalties for reentry after deportation and failure to depart after being ordered deported.

Through this comprehensive legislative package, I believe we can make inroads against the growing and serious problem of criminal aliens in this country.

Mr. President, I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD.

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

S. 1934

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 "Criminal Alien Control Act of 1994".

SEC. 2. TABLE OF CONTENTS.

The following is the table of contents for this Act:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—DEPORTATION OF CRIMINAL ALIENS

Sec. 101. Equal immigration treatment to all alien felons.
Sec. 102. Deportation procedures for certain criminal aliens who are not permanent residents.
Sec. 103. Judicial deportation.
Sec. 104. Uncontested deportations.
Sec. 105. Restricting defenses to deportation for certain criminal aliens.
Sec. 106. Extraterritorial appeals by criminal aliens.
Sec. 107. Enhanced penalties for failure to depart, or reentry, after final order of deportation.
Sec. 108. Restriction on asylum for criminal aliens.
Sec. 109. Federal incarceration.
Sec. 110. Miscellaneous and technical changes.

TITLE II—LOCAL COOPERATION WITH FEDERAL OFFICIALS AND PROCEDURES

Sec. 201. Funding based on cooperation.
Sec. 202. Production of criminal records.

TITLE III—MISCELLANEOUS

Sec. 301. Detention of undocumented criminal aliens at military installations to be closed.
Sec. 302. Authorizing registration of aliens on criminal probation or criminal parole.
Sec. 303. Admissible evidence before a special inquiry officer.

TITLE I—DEPORTATION OF CRIMINAL ALIENS

SEC. 101. EQUAL IMMIGRATION TREATMENT TO ALL ALIEN FELONS.

(a) FELONIES.—(1) Sections 101(f) (8 U.S.C. 1101(f)); 106(a) (8 U.S.C. 1105a(a)); 208(d) (8 U.S.C. 1158(d)); 212(a)(6)(B) (8 U.S.C. 1182(a)(6)(B)); 236(e)(i) (8 U.S.C. 1226(e)(i)); 241(a)(2)(A) (8 U.S.C. 1251(a)(2)(A)); 242(a) (8 U.S.C. 1252(a)); 252A(d) (8 U.S.C. 1252A(d)); 242B(c) (8 U.S.C. 1252B(c)); 243(h) (8 U.S.C. 1253(h)); 244(e) (8 U.S.C. 1254(e)); and 277 (8 U.S.C. 1327) are amended by striking "aggravated felony" and "an aggravated felony" each time they appear and inserting in lieu thereof "felony" or "a felony", respectively.

(2) Section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)) is amended by adding at the end the following new paragraph:

"(47) The term 'felony' means any offense under Federal or State law that is punishable by death or imprisonment for more than 1 year.".

(b) PRECLUSION OF JUDICIAL REVIEW.—Section 106(c) of the Immigration and Nationality Act (8 U.S.C. 1105a(c)) is amended—

(1) by inserting "(1)" immediately after "(c)"; and

(2) by adding at the end the following:

"(2) An order of deportation or of exclusion shall not be reviewed by any court of the United States if the grounds for such order is the commission of a felony by the alien, except that the Attorney General may defer deportation or exclusion of the alien pending judicial review if the Attorney General determines that to do otherwise would cause hardship to the alien.".

SEC. 102. DEPORTATION PROCEDURES FOR CERTAIN CRIMINAL ALIENS WHO ARE NOT PERMANENT RESIDENTS.

(a) TECHNICAL AMENDMENTS.—Section 242A of the Immigration and Nationality Act (8 U.S.C. 1252a) is amended—

(1) in subsection (a)—

(A) by striking "(a) IN GENERAL.—" and inserting the following:

"(b) DEPORTATION OF PERMANENT RESIDENT ALIENS.—

"(1) IN GENERAL.—"; and

(B) by inserting in the first sentence "permanent resident" after "correctional facilities for";

(2) in subsection (b)—

(A) by striking "(b) IMPLEMENTATION.—" and inserting "(2) IMPLEMENTATION.—"; and

(B) by striking "respect to an" and inserting "respect to a permanent resident";

(3) by striking subsection (c);

(4) in subsection (d)—

(A) by striking "(d) EXPEDITED PROCEEDINGS.—(1)" and inserting "(3) EXPEDITED PROCEEDINGS.—(A)";

(B) by inserting "permanent resident" after "in the case of any"; and

(C) by striking "(2)" and inserting "(B)";

(5) in subsection (e)—

(A) by striking "(e) REVIEW.—(1)" and inserting "(4) REVIEW.—(A)";

(B) by striking the second sentence; and

(C) by striking "(2)" and inserting "(B)";

(6) by inserting after the section heading the following new subsection:

"(a) PRESUMPTION OF DEPORTABILITY.—An alien convicted of a felony shall be conclusively presumed to be deportable from the United States."; and

(7) by amending the heading to read as follows:

"EXPEDITED DEPORTATION OF ALIENS CONVICTED OF COMMITTING FELONIES".

(b) ELIMINATION OF ADMINISTRATIVE HEARING FOR CERTAIN CRIMINAL ALIENS.—Section 242A of the Immigration and Nationality Act (8 U.S.C. 1252a) is amended by adding at the end the following new subsection:

"(c) DEPORTATION OF ALIENS WHO ARE NOT PERMANENT RESIDENTS.—

"(1) Notwithstanding section 242, and subject to paragraph (5), the Attorney General may issue a final order of deportation against any alien described in paragraph (2) whom the Attorney General determines to be deportable under section 241(a)(2)(A)(iii) (relating to conviction of a felony).

"(2) An alien is described in this paragraph if the alien—

"(A) was not lawfully admitted for permanent residence at the time that proceedings under this section commenced, or

"(B) had permanent resident status on a conditional basis (as described in section 216) at the time that proceedings under this section commenced.

"(3) The Attorney General may delegate the authority in this section to the Commissioner or to any District Director of the Service.

"(4) No alien described in this section shall be eligible for—

"(A) any relief from deportation that the Attorney General may grant in his discretion, or

"(B) relief under section 243(h).

"(5) The Attorney General may not execute any order described in paragraph (1) until 14 calendar days have passed from the date that such order was issued, in order that the alien has an opportunity to apply for judicial review under section 106.".

(c) LIMITED JUDICIAL REVIEW.—Section 106 of the Immigration and Nationality Act (8 U.S.C. 1105a) is amended—

(1) in the first sentence of subsection (a), by inserting "or pursuant to section 242A" after "under section 242(b)";

(2) in subsection (a)(1) and subsection (a)(3), by inserting "(including an alien described in section 242A)" after "felony"; and

(3) by adding at the end the following new subsection:

"(d) Notwithstanding subsection (c), a petition for review or for habeas corpus on behalf of an alien described in section 242A(c) may only challenge whether the alien is in fact an alien described in such section, and no court shall have jurisdiction to review any other issue.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to all aliens

against whom deportation proceedings are initiated after the date of enactment of this Act.

SEC. 103. JUDICIAL DEPORTATION.

(a) JUDICIAL DEPORTATION.—Section 242A of the Immigration and Nationality Act (8 U.S.C. 1252a), as amended by section 102, is further amended by inserting at the end the following new subsection:

"(d) JUDICIAL DEPORTATION.—

"(1) AUTHORITY.—Notwithstanding any other provision of this Act, a United States district court or a State court shall have jurisdiction to enter a judicial order of deportation at the time of sentencing against an alien whose criminal conviction causes such alien to be deportable under section 241(a)(2)(A)(iii) (relating to conviction of a felony).

"(2) PROCEDURE.—(A) The United States Attorney or, in the case of a proceeding before a State court, the State's attorney general, shall provide notice of intent to request judicial deportation promptly after the entry in the record of an adjudication of guilt or guilty plea. Such notice shall be provided to the court, to the alien, to the alien's counsel of record, and to the Commissioner.

"(B) Notwithstanding section 242B—

"(i) in the case of a proceeding before a United States court, the United States Attorney, with the concurrence of the Commissioner, or

"(ii) in the case of a proceeding before a State court, the State's attorney general,

shall, at least 20 days before the date set for sentencing, file a charge containing factual allegations regarding the alienage of the defendant and satisfaction by the defendant of the definition of felony.

"(C) If the court determines that the defendant has presented substantial evidence to establish prima facie eligibility for relief from deportation under section 212(c), the court shall request the Attorney General to provide the court with a recommendation and report regarding the alien's eligibility for relief under such section. The court shall either grant or deny the relief sought.

"(D)(i) The alien shall have a reasonable opportunity to examine the evidence against him or her, to present evidence on his or her own behalf, and to cross-examine witnesses presented by the Government.

"(ii) The court, for the purposes of determining whether to enter an order described in paragraph (1), shall only consider evidence that would be admissible in proceedings conducted pursuant to section 242(b).

"(3) NOTICE, APPEAL, AND EXECUTION OF JUDICIAL ORDER OF DEPORTATION.—(A)(i) A judicial order of deportation or denial of such order may be appealed by either party to the court of appeals for the circuit in which the United States district court is located or to the appropriate State court of appeals, as the case may be.

"(ii) Except as provided in clause (iii), such appeal shall be considered consistent with the requirements described in section 106.

"(iii) Upon execution by the defendant of a valid waiver of the right to appeal the conviction on which the order of deportation is based, the expiration of the period described in section 106(a)(1), or the final dismissal of an appeal from such conviction, the order of deportation shall become final and shall be executed at the end of the prison term in accordance with the term of the order.

"(B) As soon as is practicable after entry of a judicial order of deportation by a United States court, the Attorney General shall provide the defendant with written notice of the order of deportation, which shall designate the defendant's country of choice for deportation and any alternate country pursuant to section 243(a).

"(C) As soon as is practicable after entry of a judicial order of deportation by a State court, the State court shall notify the Attorney General of the order. Upon the termination of imprisonment of the alien, the State shall remand the alien to the custody of the Attorney General. The Attorney General shall effect the deportation of the alien in the manner prescribed in this Act with respect to final orders of deportation.

"(4) DENIAL OF JUDICIAL ORDER.—Denial of a request for a judicial order of deportation shall not preclude the Attorney General from initiating deportation proceedings pursuant to section 242 upon the same ground of deportability or upon any other ground of deportability provided under section 241(a). Any denial of a judicial order of deportation shall include a statement in writing stating the reasons for the denial.

"(5) DEFINITION.—For purposes of this subsection, the term 'State' refers to any of the several States and the District of Columbia.".

(b) TECHNICAL AND CONFORMING CHANGES.—The ninth sentence of section 242(b) of the Immigration and Nationality Act (8 U.S.C. 1252(b)) is amended by striking out "The" and inserting in lieu thereof "Except as provided in section 242A(d), the".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to all aliens whose adjudication of guilt or guilty plea is entered in the record after the date of enactment of this Act.

SEC. 104. UNCONTESTED DEPORTATIONS.

Section 242B of the Immigration and Nationality Act (8 U.S.C. 1252b) is amended—

(1) in subsection (a)(1), by adding at the end the following new subparagraph:

"(G) The right of an alien deportable under section 241(a)(2) to execute a deportation affidavit pursuant to subsection (f) in lieu of deportation proceedings.";

(2) by redesignating subsection (f) as subsection (g); and

(3) by inserting after subsection (e) the following:

"(f) DEPORTATION AFFIDAVIT.—In lieu of a determination of deportability in a proceeding before a special inquiry officer, an alien may elect to admit deportability under section 241(a)(2) through the execution of an affidavit witnessed by such an officer and a notary public. A special inquiry officer shall make a determination of deportability under this subsection based solely on the affidavit and, if he finds the alien deportable, shall issue an order of deportation with respect to that alien.".

SEC. 105. RESTRICTING DEFENSES TO DEPORTATION FOR CERTAIN CRIMINAL ALIENS.

(a) DEFENSES BASED ON SEVEN YEARS OF PERMANENT RESIDENCE.—Section 212(c) of the Immigration and Nationality Act (8 U.S.C. 1182(c)) is amended—

(1) in the third sentence, by striking "has served for such felony or felonies" and all that follows through the period and inserting "has been sentenced for such felony or felonies to a term of imprisonment of at least 5 years, if the time for appealing such conviction or sentence has expired and the sentence has become final;"; and

(2) by adding at the end the following new sentence: "For purposes of calculating the period of seven consecutive years under this subsection, any period of imprisonment of the alien by Federal, State, or local authorities shall be excluded but shall not be considered to have broken the continuity of the period.".

(b) DEFENSES BASED ON WITHHOLDING OF DEPORTATION.—Section 243(h)(2) of the Immigration and Nationality Act (8 U.S.C. 1253(h)(2)) is amended—

(1) by striking "or" at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting "; or"; and

(3) by striking the final sentence and inserting the following new subparagraph:

"(E) the alien has been convicted of an felony."; and

SEC. 106. EXTRATERRITORIAL APPEALS BY CRIMINAL ALIENS.

Section 106 of the Immigration and Nationality Act (8 U.S.C. 1105a) is amended by adding at the end the following new subsection:

"(d)(1) In the case of any alien found to be deportable under section 242(a)(2), the Attorney General may not defer deportation of the alien and shall, after issuance of the deportation order, take the alien into custody until the alien is deported.

"(2) Any court of the United States shall have jurisdiction to review an order of deportation issued under paragraph (1) in any case where the petitioner for review is outside the United States. Any alien for whom an order of deportation has been vacated under this paragraph shall be issued a valid visa and admitted to the United States to the status held by the alien before deportation.".

SEC. 107. ENHANCED PENALTIES FOR FAILURE TO DEPART, OR REENTRY, AFTER FINAL ORDER OF DEPORTATION.

(a) FAILURE TO DEPART.—Section 242(e) of the Immigration and Nationality Act (8 U.S.C. 1252(e)) is amended—

(1) by striking out "paragraph (2), (3), or (4) of" the first time it appears, and

(2) by striking out "shall be imprisoned not more than ten years" and inserting in lieu thereof "shall be imprisoned not more than two years, or shall be imprisoned not more than ten years if the alien is a member of any of the classes described in paragraph (2), (3), or (4) of section 241(a).".

(b) REENTRY.—Section 276(b) of the Immigration and Nationality Act (8 U.S.C. 1326(b)) is amended to read as follows:

"(b) Notwithstanding subsection (a), in the case of any alien described in such subsection whose deportation was subsequent to a conviction for commission of two or more misdemeanors or a felony, such alien shall be fined under title 18, United States Code, imprisoned not more than 15 years, or both.".

(c) COLLATERAL ATTACKS ON UNDERLYING DEPORTATION ORDER.—Section 276 of the Immigration and Nationality Act (8 U.S.C. 1326) is amended by adding at the end the following new subsection:

"(c) In any criminal proceeding under this section, no alien may challenge the validity of the deportation order described in subsection (a) (1) or subsection (b).".

SEC. 108. RESTRICTION ON ASYLUM FOR CRIMINAL ALIENS.

(a) IN GENERAL.—Section 208 of the Immigration and Nationality Act (8 U.S.C. 1158) is amended by adding at the end the following new subsections:

"(e) Notwithstanding subsection (a), an alien may only be granted asylum under this section if the alien claims asylum within 15 days of the alien's entry into the United States, unless the alien establishes by clear and convincing evidence that since the date of entry into the United States circumstances have changed in the alien's country of nationality (or, in the case of a person having no nationality, the country in

which such alien last habitually resided) such that, if the alien returned to the country, it is more likely than not that the alien would be arrested or incarcerated or the alien's life would be threatened in such country on account of race, religion, nationality, membership in a particular social group, or political opinion.

"(f) An alien is not eligible for asylum under this section if the Attorney General determines that—

"(1) the alien ordered, incited, assisted, or otherwise participated in the persecution of any person on account of race, religion, nationality, membership in a particular social group, or political opinion;

"(2) the alien, having been convicted by a final judgment of a particularly serious crime, constitutes a danger to the community of the United States;

"(3) there are serious reasons for believing that the alien has committed a serious nonpolitical crime outside the United States prior to the arrival of the alien in the United States;

"(4) there are reasonable grounds for regarding the alien as a danger to the security of the United States; or

"(5) a country willing to accept the alien has been identified (other than the country described in subsection (e)) to which the alien can be deported or returned and the alien does not establish that it is more likely than not that the alien would be arrested or incarcerated or the alien's life would be threatened in such country on account of race, religion, nationality, membership in a particular social group, or political opinion.

For purposes of paragraph (2), an alien who has been convicted of a felony shall be considered to have committed a particularly serious crime. The Attorney General shall prescribe regulations that specify additional crimes that will be considered to be a crime described in paragraph (2) or (3).".

(b) CONFORMING AMENDMENT.—Section 208(a) of such Act (8 U.S.C. 1158(a)) is amended by inserting ", except as provided in subsection (f)," after "asylum, and".

SEC. 109. FEDERAL INCARCERATION.

Section 242 of the Immigration and Nationality Act (8 U.S.C. 1252) is amended by adding at the end the following new subsection:

"(j)(1) The Attorney General shall take into the custody of the Federal Government, and shall incarcerate for a determinate sentence of imprisonment, an undocumented criminal alien if—

"(A) the chief State official exercising authority with respect to the incarceration of the undocumented criminal alien submits a written request to the Attorney General; and

"(B) the undocumented criminal alien is sentenced to a determinate term of imprisonment.

"(2) Undocumented criminal aliens taken into the custody of the Attorney General under paragraph (1) may be deported under subsection (h)(2)(A).

"(3) For purposes of this subsection, the term 'undocumented criminal alien' means an alien who—

"(A) has been convicted of a felony and sentenced to a term of imprisonment, and

"(B)(i) entered the United States without inspection or at any time or place other than as designated by the Attorney General, or

"(ii) was the subject of exclusion or deportation proceedings at the time he or she was taken into custody by the State.".

SEC. 110. MISCELLANEOUS AND TECHNICAL CHANGES.

(a) FORM OF DEPORTATION HEARINGS.—The second sentence of section 242(b) of the Immigration and Nationality Act (8 U.S.C. 1252(b)) is amended by inserting after the second sentence the following new sentence: "Nothing in the preceding sentence precludes the Attorney General from authorizing proceedings by electronic or telephonic media (with or without the consent of the alien) or, where waived or agreed to by the parties, in the absence of the alien.".

(b) CONSTRUCTION OF EXPEDITED DEPORTATION REQUIREMENTS.—No amendment made by this Act and nothing in section 242(i) of the Immigration and Nationality Act (8 U.S.C. 1252(i)), shall be construed to create any right or benefit, substantive or procedural, which is legally enforceable by any party against the United States, its agencies, its officers, or any other person.

TITLE II—LOCAL COOPERATION WITH FEDERAL OFFICIALS AND PROCEDURES

SEC. 201. FUNDING BASED ON COOPERATION.

(a) STATE AND LOCAL COOPERATION.—Notwithstanding any law, ordinance or regulation of any State or subdivision thereof to the contrary, officials of any State or local government or agency, upon the request of any duly authorized official of the United States Immigration and Naturalization Service, shall provide information regarding the identification, location, arrest, prosecution, detention, and deportation of an alien or aliens who are not lawfully present in the United States.

(b) REPORT.—Not later than 6 months after the date of enactment of this Act, the Attorney General and the Commissioner of Immigration and Naturalization shall jointly report to the Congress and the President on the extent to which State and local governments are not cooperating with the Immigration and Naturalization Service. This report shall identify any State or local governments that have adopted laws, policies or practices of noncooperation with the United States Immigration and Naturalization Service, the specific nature of those laws, policies or practices, and their impact on the enforcement of the immigration laws.

(c) FUNDING BASED ON COOPERATION.—No State or local government or agency which has been identified in the Attorney General's report required by the preceding paragraph, which has a policy or practice of refusing to cooperate with the Immigration and Naturalization Service regarding the identification, location, arrest, prosecution, detention, or deportation of aliens who are not lawfully present in the United States, shall be eligible for any Federal funds from appropriations made pursuant to a provision of the Violent Crime Control and Law Enforcement Act of 1993 or of an amendment made by authorizing appropriations, as long as such policy or practice remains in effect.

SEC. 202. PRODUCTION OF CRIMINAL RECORDS.

Section 503(a)(11) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3753(a)) is amended by inserting "or any political subdivision thereof" after "State" the second, third, and fourth occurrence thereof.

TITLE III—MISCELLANEOUS

SEC. 301. DETENTION OF UNDOCUMENTED CRIMINAL ALIENS AT MILITARY INSTALLATIONS TO BE CLOSED.

(a) IN GENERAL.—(1) Notwithstanding any other provision of law, the Secretary of Defense shall make available to the Attorney General for the purpose referred to in paragraph (2) any military installation of the Department of Defense that—

(A) is approved for closure under a base closure law; and

(B) is jointly determined by the Secretary and the Attorney General to be an appropriate facility for the detention of undocumented aliens.

(2) The Attorney General shall use facilities made available to the Attorney General under this paragraph for the detention of undocumented criminal aliens.

(b) DEFINITIONS.—In this section:

(1) The term "approved for closure under a base closure law", in the case of a military installation, means any installation whose closure under a base closure law is recommended by the President and not disapproved by Congress in accordance with the provisions of such law.

(2) The term "base closure law" means the following:

(A) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 102-510; 10 U.S.C. 2687 note).

(B) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note).

(3) The term "undocumented criminal alien" means an alien who—

(A) has been convicted of a felony and sentenced to a term of imprisonment, and

(B)(i) entered the United States without inspection or at any time or place other than as designated by the Attorney General, or

(ii) was the subject of exclusion or deportation proceedings at the time he or she was taken into custody by the State.

SEC. 302. AUTHORIZING REGISTRATION OF ALIENS ON CRIMINAL PROBATION OR CRIMINAL PAROLE.

Section 263(a) of the Immigration and Nationality Act (8 U.S.C. 1303(a)) is amended by striking "and (5)" and inserting "(5) aliens who are or have been on criminal probation or criminal parole within the United States, and (6)".

SEC. 303. ADMISSIBLE EVIDENCE BEFORE A SPECIAL INQUIRY OFFICER.

In any proceeding under the Immigration and Nationality Act before a special inquiry officer, such documents and records as are described in section 3.41 of title 8, Code of Federal Regulations, as in effect on the date of enactment of this Act, may be admissible as evidence of a criminal conviction.

CRIMINAL ALIEN CONTROL ACT OF 1994—SECTION-BY-SECTION ANALYSIS

Sec. 1. Short Title

The Act may be cited as the Criminal Alien Control Act of 1994

TITLE I—DEPORTATION OF CRIMINAL ALIENS

Sec. 101. Equal Immigration Treatment to All Alien Felons

Under section 101 any alien who is convicted of any felony at any time while in the U.S. would be deportable. Under current law only aliens convicted of certain types of felonies, as specified by a complex and confusing array of statutes, are deportable. Whole classes of aliens who are convicted of felonies are not deportable.

Under current law only aliens who are convicted of crimes of moral turpitude (which include murder, manslaughter, rape and sodomy) within five years after entry into the U.S. and resulting in imprisonment for one year, or aliens convicted of two unrelated crimes of moral turpitude at any time after entry into the U.S. regardless of length of incarceration, or aliens who commit certain narcotics and weapons offenses (so-called "aggravated felonies"), as defined by law, are deportable.

Sec. 102. Deportation Procedures of Certain Criminal Aliens Who Are Not Permanent Residents

Section 102 lays out streamlined procedures for the deportation of criminal aliens who are not permanent residents. Under current law only aggravated felons are conclusively presumed to be deportable. Section 102 extends the presumption to all criminal aliens who are not permanent residents. This section eliminates the administrative hearing process for criminal aliens who are not permanent resident aliens. Such criminal aliens will have the right to a single habeas corpus appeal limited to a determination of whether the alien is in fact an alien and is in fact a convicted felon.

Sec. 103. Judicial Deportation

Section 103 gives the United States district courts and state courts the authority to enter a judicial order of deportation at the time of sentencing against an alien convicted of a felony. The denial of such a judicial order does not preclude the initiation of deportation proceedings for the alien in question.

District courts currently have the authority to order the deportation of a criminal alien as a condition of supervised release. See, 18 U.S.C. 3583(d), *United States* versus *Chukwura*, 5 F.3d 1420 (11th Cir. 1993). Section 103 makes it clear that district courts also have the authority to order the deportation of a criminal alien in all sentencing situations, not solely in connection with a sentence of supervised release. State courts currently have no authority regarding deportation. State courts have, in many instances, however, been given the ability to exercise federal authority.

Sec. 104. Uncontested Deportations

Under section 104 a criminal alien who has chosen not to contest his deportation can be deported via the execution of an affidavit in lieu of deportation proceedings. Currently, uncontested deportations are carried out before an immigration judge in the setting of a formal immigration hearing. In addition to being costly and time consuming, such hearings are mere pro forma exercises when they involve uncontested deportations.

Sec. 105. Restricting Defenses to Deportation for Certain Criminal Aliens

Section 105 restricts two defenses often used by criminal aliens to contest their deportations. The first defense is commonly referred to as 212(c) relief. Under section 212(c) of the Immigration and Nationality Act a criminal alien who has been a permanent resident in the U.S. for seven years and has not served over 5 years for a felony offense may be granted relief from deportation. Section 105 would exclude from section 212(c) those felons who are sentenced to 5 years regardless of time actually served.

The second defense, known as "withholding of deportation", allows an immigration judge to withhold the deportation of an alien, including a criminal alien, if it is established that the alien would be in danger if he were returned to his country of origin. Section 105 would prohibit this defense from being invoked by an alien convicted of a felony.

Sec. 106. Extraterritorial Appeals by Criminal Aliens

Section 106 requires that all criminal aliens ordered deported be taken into custody until deportation. The section also requires that a criminal alien be deported even if he appeals his deportation. The criminal alien is, however, given the right to appeal his deportation from his country of origin. If the criminal alien wins his appeal, this section makes it clear that the alien is to be issued a visa to return to the U.S.

This section will ensure that those criminal aliens who have been ordered deported will not escape deportation by appealing their deportation. Currently, criminal aliens who appeal their deportation either remain incarcerated at taxpayer expense or, more frequently, are released on bond. Criminal aliens who have been released pending their appeal are commonly given work authorization by the INS. It is unfair to reward a criminal alien simply because he has appealed his order of deportation. Such a policy sends the wrong signal and invites abuse of the immigration appeal process.

Sec. 107 Enhanced Penalties for Re-Entry or Failure to Deport

Section 107 enhances the penalties for aliens who return to the U.S. after being deported and for those who fail to depart after having been ordered deported. Under current law, aggravated felons who re-enter after deportation can serve 15 years while nonaggravated felons can serve only 5 years for the same offense. This section makes the penalty 15 years for all deported criminal aliens who re-enter after deportation. Section 107 prohibits collateral attacks on the underlying deportation order during reentry prosecutions. Section 107 also expands the penalty for failure to depart to all classes of aliens. Current law only covers certain classes of aliens.

Sec. 108 Restriction on Asylum for Criminal Aliens

Section 108 will prohibit asylum claims for criminal aliens who have not formally claimed asylum within 15 days of entering the United States, unless the criminal alien can establish by clear and convincing evidence changed circumstances in the criminal aliens country of nationality accounting for why the alien failed to comply with this section. This section also absolutely prohibits asylum claims for certain criminal aliens such as those who have committed serious crimes and pose a threat to the public.

Sec. 109 Federal Incarceration

Section 109 requires the Federal government to take into custody and incarcerate any undocumented criminal alien. Under this section, an undocumented criminal alien is any alien who: is convicted of a felony and sentenced to a term of imprisonment; entered the U.S. without inspection; or was the subject of exclusion or deportation proceedings at the time he was taken into custody. Under current law an undocumented criminal alien, who is not an aggravated felon, can be, and often is released pending deportation as long as the criminal alien was inspected while entering the U.S. Many of these individuals do not appear for their deportation hearings.

Section 109 restores the original intent of Congress to require the incarceration of most criminal aliens pending their deportation. Congressional intent was thwarted by the adoption of a so-called "technical amendment" to the Immigration Act of 1990 which allows for the release of a large number of criminal aliens pending their deportation.

Sec. 110. Miscellaneous and Technical Changes

TITLE II—LOCAL COOPERATION WITH FEDERAL OFFICIALS AND PROCEDURES

Sec. 201. Funding Based on Cooperation

Section 201 would deny funding to be authorized under the Violent Crime Control and Law Enforcement Act of 1993 (the Crime Bill) to government entities that adopt policies of refusing to cooperate with Federal immigration officials. An entity would be denied funding if the Attorney General certifies that the entity has a policy of not cooperating with Federal immigration officials. The Attorney General can order a resumption of funding if the government entity changes its policy.

Sec. 202. Production of Criminal Records

Section 202 mandates that any political subdivision of a state provide certified criminal record to the INS in connection with a deportation proceeding against a criminal alien at no cost to the INS. Current law only requires states themselves to provide such records at no cost. Some local governments maintain the right to charge a fee for the records. Section 202 corrects this problem and ensures that the intent of the current law is carried out.

TITLE III—MISCELLANEOUS

Sec. 301. Detention of Undocumented Aliens at Military Installations to be Closed

Section 301 would allow any military installation approved for closure under a base closure law to be used for the detention of undocumented aliens.

Sec. 302. Identification of Criminal Aliens on Probation and Parole

Requires that state and local law enforcement inform INS of criminal aliens within their jurisdiction that are on probation and parole. Current law requires that this be done with only incarcerated criminal aliens.

Sec. 303. Admissible Evidence Before a Special Inquiry Officer

Codifies a federal regulation that allows the use of certain forms of documents and record and regard to the deportation of a criminal alien. For example, allows for the use of an official arrest record transmitted electronically.

By Mr. McCAIN (for himself and Mr. INOUYE):

S. 1936. A bill to provide for the integrated management of Indian resources, and for other purposes; to the Committee on Indian Affairs.

INDIAN INTEGRATED RESOURCES MANAGEMENT PLANNING ACT

• Mr. McCAIN. Mr. President, I introduce the Indian Integrated Resource Management Planning Act to authorize the Secretary of the Interior to establish and carry out a program to assist tribes in developing and implementing integrated resource management plans. I am pleased that Senator INOUYE has joined me as a cosponsor. We are introducing this bill in order to stimulate discussion about this subject. Accordingly, we welcome all comments and suggestions for improving the bill.

This legislation provides that upon request of an Indian tribe, the Secretary of the Interior shall transfer to the tribe all natural resource data, including maps and other information held by the Secretary that relates to lands under the authority of the Indian tribe. The bill also establishes a process for plan development, and requires an Indian tribal government to submit its plan to the Secretary for approval.

The process for plan development includes a determination of the need for

the plan; identification of short- and long-term goals; identification of the geographic area to be included in the plan; identification of available and needed data; identification of the natural resources expertise needed to prepare the plan; a determination of the time required for data collection; a determination of the affected parties, including landowners, lessees, and residents; public comment; identification and consideration of alternative plans; an estimation of the cost of plan development; a list of resources to be included in the plan; a list of resource management goals and objectives; and compliance with applicable Federal and tribal laws.

An approved plan shall govern all activities of the Indian tribe and the Secretary with regard to matters included in the plan. The bill also provides that the Secretary, consistent with the trust responsibility, shall provide for the management of Indian natural resources in a manner that is consistent with an approved integrated resource management plan. The bill authorizes the Secretary to enter into a grant, contract, or cooperative agreement with each Indian tribe under the Indian Self-Determination and Education Assistance Act to provide financial assistance to the tribe for the development of an integrated resource management plan.

This bill provides direction to the Secretary for the fulfillment of the United States' responsibility for the Indian natural resources that are held in trust for Indian tribes and individuals. It would ensure that the management of natural resources on Indian lands in conducted in a manner that is consistent with tribal culture and values, applicable Federal laws, and the Federal trust responsibility. The IRMPA would also promote and enhance tribal self-governance through tribal control of natural resources and comanagement by Indian tribes and the Secretary.

A few tribes have already developed and implemented integrated resource management plans to manage natural resources on their lands. Pursuant to the American Indian Agricultural Resource Management Act, which was enacted last year, a tribe may develop and implement a plan to govern the management of Indian rangelands and farmlands. The National Indian Forest Resource Management Act, which was enacted in 1991, contains similar provisions. The bill I am introducing today will incorporate existing individual resource management plans into an overall program called an integrated resource management plan.

At the urging of the tribes, the Bureau of Indian Affairs established procedures in 1988 to develop integrated resource management plans for each Indian reservation. Under these procedures, the Secretary of the Interior has developed and completed substantial resource inventory information, such as maps, surveys, and data necessary for the development of tribal integrated resource management plans over the past several years. The BIA, however, has lacked the funds and the staff to assist tribes in developing and implementing integrated resource management plans for each reservation. Since 1988, the BIA has completed nine integrated resource management plans for Indian reservations.

Out of frustration, some tribes have used tribal and private funds to develop and complete resource inventory information in order to develop and implement an integrated resource management plan. For example, the Hoopa Valley Tribe asked World Wildlife Fund to assist in developing an integrated resource management plan for the reservation to fully integrate fish and wildlife conservation into the tribe's logging and timber management program. The integration of these programs will lead to the development of a sustainable economy that makes use of the tribe's natural resources while safeguarding those resources that have important ecological and cultural values.

The Confederated Tribes of the Warm Springs Reservation of Oregon also had to seek funding elsewhere because the Secretary was not providing the data necessary to develop an integrated resource management plan. The tribe used its own funds to develop an integrated resource management plan. The plan at Warm Springs provides for the long-term management of all resources for sustainable economic and employment opportunities for present and future tribal members, and for the preservation of cultural values. Mr. President, I believe it is consistent with the trust responsibility to require the Secretary to manage Indian natural resources for the benefit of the tribes. We have appropriated and the Secretary has expended considerable sums of money over the years to develop data and information on Indian natural resources. This information should be readily available to those tribes which are ready to develop an IRMP. The bill I am introducing today would make the information the Secretary has acquired directly available to the tribal governments for the development of IRMP's.

Finally, I would like to note that this legislation is consistent with and will serve to advance the policies of self-determination and self-governance. The development of an IRMP necessarily involves the very kind of community participation and decision-making which is the cornerstone of self-governance. This legislation will ensure that the Secretary has the authority necessary to more fully implement the policies of self-determination and self-governance at such times as the respective tribes are ready to proceed.

I ask unanimous consent that the full text of the Indian Integrated Resources Management Planning Act and a section-by-section summary be printed in the RECORD.

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

S. 1936

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 "Indian Integrated Resources Management Planning Act".

SEC. 2. DEFINITIONS.

As used in this Act:

(1) INDIAN LAND.—The term "Indian land" means all land that is—

(A) held in trust by the United States for the benefit of an Indian tribe or an individual Indian; or

(B) owned by an Indian or Indian tribe and is subject to restrictions against alienation.

(2) INDIAN NATURAL RESOURCES.—The term "Indian natural resources" includes forests, ranges, wildlife, water, fisheries, soils, minerals, oil, gas, coal, agriculture, recreation, archaeological resources, historical resources, cultural resources, traditional resources, socioeconomic resources, and threatened and endangered species.

(3) INDIAN TRIBE.—The term "Indian tribe" means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native Village or regional corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), that is eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(4) INTEGRATED RESOURCE MANAGEMENT PLAN.—The term "integrated resource management plan" means a plan developed by an Indian tribe and approved by the Secretary pursuant to section 4—

(A) to assess available natural resources;

(B) to identify management objectives that integrate—

(i) quality of life;

(ii) production goals;

(iii) preservation goals; and

(iv) landscape descriptions of the natural resources; and

(C) that encompasses tribal codes and specific natural resource management plans in effect on the date of enactment of this Act.

(5) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

SEC. 3. FINDINGS; PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) it is the policy of the United States to promote tribal self-determination and self-governance;

(2) the United States holds most Indian natural resources in trust for the benefit of Indian tribes and individuals;

(3) it is consistent with the Federal trust responsibility and the policies of self-determination and self-governance to promote increased tribal involvement in the management and use of Indian land and natural resources; and

(4) Indian tribes have among their principal policy objectives, the management of their natural resources in a manner that is consistent with the cultural, social, and economic needs and values of the tribes.

(b) PURPOSE.—It is the purpose of this Act—

(1) to authorize the Secretary to assist Indian tribes in the development and implementation of integrated resource management plans;

(2) to ensure that the management of natural resources on Indian land is conducted in a manner that is consistent with tribal culture and values, applicable Federal laws, and the Federal trust responsibility; and

(3) to promote and enhance tribal self-determination and self-governance by ensuring tribal control of natural resources and co-management by Indian tribes and the Secretary.

SEC. 4. INDIAN NATURAL RESOURCE MANAGEMENT PLAN.

(a) IN GENERAL.—The Secretary shall establish and carry out a program to assist Indian tribes to develop and implement integrated natural resource management plans.

(b) ASSISTANCE.—

(1) IN GENERAL.—Upon the request of an Indian tribe, the Secretary shall provide assistance under this subsection, including the transfer to the tribe of all natural resources data, including maps and other information held by the Secretary that relates to land under the authority of the Indian tribe.

(2) GRANTS; CONTRACTS.—Upon the request of an Indian tribe, the Secretary shall enter into a grant, contract, or cooperative agreement with each Indian tribe under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) to provide financial assistance to the Indian tribe for the development of an integrated resource management plan.

(c) DEVELOPMENT.—The process for plan development shall include provisions for—

(1) a determination of the need for the plan;

(2) identification of short- and long-term goals;

(3) identification of the geographic area to be included in the plan;

(4) identification of available and needed data;

(5) identification of the natural resources expertise needed to prepare the plan;

(6) a determination of the time required for data collection;

(7) a determination of the affected parties, including landowners, lessees, and residents;

(8) public comment;

(9) identification and consideration of alternative plans;

(10) an estimation of the cost of plan development;

(11) a list of resources to be included in the plan;

(12) a list of resource management goals and objectives; and

(13) compliance with applicable Federal and tribal laws.

(d) APPROVAL BY SECRETARY.—

(1) SUBMISSION.—Upon completion of a plan, an Indian tribe shall submit the plan to the Secretary for approval.

(2) APPROVAL.—Not later than 6 months after receipt of a plan, the Secretary shall approve or disapprove the plan. If the Secretary neither approves nor disapproves the plan, such inaction shall be deemed to be an approval of the plan.

(3) DISAPPROVAL.—If the Secretary disapproves a plan, the Secretary shall state the reasons for such disapproval and shall provide recommendations and technical assistance for plan revisions.

(e) FORCE AND EFFECT.—An approved plan shall govern all activities of the Indian tribe and the Secretary with regard to matters included in the plan. The plan shall take effect on the date of approval.

(f) AMENDMENTS.—

(1) IN GENERAL.—An Indian tribe may amend the plan at any time consistent with this section.

(2) PUBLIC COMMENT.—Proposed amendments shall be made available for public review and comment.

(3) APPROVAL.—Upon approval by the Indian tribe, proposed amendments shall be submitted to the Secretary for approval in accordance with subsection (d).

SEC. 5. MANAGEMENT.

Consistent with the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.), the Secretary shall provide for the management of Indian natural resources in a manner that is consistent with the approved integrated resource management plans.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated such sums as are necessary to carry out this Act.

SECTION-BY-SECTION SUMMARY ANALYSIS OF THE INDIAN INTEGRATED RESOURCE MANAGEMENT PLANNING ACT OF 1994

SECTION 1.—SHORT TITLE

Section 1 provides that the short title of the Act shall be the "Indian Integrated Resources Management Planning Act."

SECTION 2.—DEFINITIONS

Section 2 sets out the definitions used in the Act, including: Indian Land, Indian Natural Resources, Indian Tribe, Integrated Resource Management Plan, and Secretary.

SECTION 3.—FINDINGS AND PURPOSE

Section 3 sets out the findings of the Congress and sets out the purposes of the Act.

Subsection (a) of this section states the findings of the Congress including: the policy of the United States is to promote tribal self-determination and self-governance; the United States holds most Indian natural resources in trust for the benefit of Indian tribes and individuals; it is consistent with the Federal trust responsibility and the policies of self-determination and self-governance to promote increased tribal involvement in the management and use of Indian land and natural resources; and among Indian tribes' policy objectives are the management of their natural resources in a manner that is consistent with the cultural, social, and economic needs and values of the tribes.

Subsection (b) of this section states that the purposes of this Act are to authorize the Secretary to assist Indian tribal organizations in developing and implementing integrated resource management plans; to ensure that the management of natural resources on Indian land is conducted in a manner that is consistent with tribal culture and values, applicable Federal laws, and the Federal trust responsibility; and to promote and enhance tribal self-determination and self-governance through tribal control of natural resources and co-management by Indian tribes and the Secretary.

SECTION 4.—INDIAN NATURAL RESOURCE MANAGEMENT PLAN

Section 4 of this bill provides that the Secretary shall establish and carry out a program to assist Indian tribes to develop and implement integrated natural resource management plans.

Subsection (b)(1) of this section provides that upon request of an Indian tribal organization, the Secretary shall provide all natural resources data, including maps and other information held by the Secretary that relates to land under the authority of the Indian tribe.

Subsection (b)(2) of this section provides that the Secretary shall enter into a grant, contract, or cooperative agreement with each Indian tribe under the Indian Self-Determination and Education Assistance Act to provide financial assistance to the tribe in developing an integrated resource management plan.

Subsection (c) of this section provides that the process for plan development shall include the provisions set out in subsection (c)(1) through (c)(13) of this section.

Subsection (d)(1) of this section states that an Indian tribal organization shall submit a plan to the Secretary for approval; (2) the Secretary shall approve or disapprove the plan not later than 6 months after receipt of the plan and if the Secretary neither approves nor disapproves the plan, such inaction shall be deemed to be an approval of the plan; (3) if the Secretary disapproves the plan, the Secretary shall state the reasons for such disapproval and shall provide recommendations and technical assistance for plan revisions.

Subsection (e) of this section provides that an approved plan shall govern all activities of the Indian tribe and the Secretary with regard to matters included in the plan. The plan shall be in effect on the date of approval.

Subsection (f) of this section sets out the process that an Indian tribe shall follow to amend the plan.

SECTION 5.—MANAGEMENT

Section 5 provides that the Secretary, consistent with the trust responsibility, shall provide for the management of Indian natural resources in a manner that is also consistent with an approved integrated resource management plan.

SECTION 6.

Section 6 authorizes to be appropriated such sums as are necessary to carry out this Act.●

By Mr. DODD:

S. 1937. A bill to amend the Community Services Block Grant Act to establish a new Community Initiative Program to carry out economic development activities in economically distressed communities, to make other amendments to the Act, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

S. 1938. A bill to amend the Low-Income Home Energy Assistance Act of 1981 to authorize appropriations for fiscal years 1996 through 1999, remove impediments to the exercise of States discretion to shape their programs and to concentrate their resources on those with the greatest home energy needs, and for other purposes; to the Committee on Labor and Human Resources.

FAMILY ASSISTANCE LEGISLATION

Mr. DODD. Mr. President, I rise today to introduce on behalf of the Clinton administration reauthorization bills for two programs that are critically important to millions of Americans: The Low-Income Home Energy Assistance Program and the community services block grant. These may not be glamour programs that receive

major publicity, but for the families who receive help through them, they can literally be lifesavers.

Together with the Head Start amendments already introduced, these bills will be folded into the Human Services Act reauthorization, which the Senate will consider later in the session. The programs authorized through the Human Services Act share a common orientation of working within the community to address the needs of individuals and families seeking to move toward self-sufficiency.

For millions of families all across this Nation, the Low-Income Home Energy Assistance Program, commonly known as LIHEAP, is the difference between going cold and staying warm, the difference between being overwhelmed by hard times and hanging on, the difference between skimping on the food budget to pay the utilities and just getting by.

LIHEAP provides millions of families with the little extra help they need to make it through the winter. Many LIHEAP families have elderly members. Some recipients are disabled. Many families are raising small children. Whatever their composition, households receiving energy assistance all need warm shelter from the cold and basics like electricity.

This point was forcefully driven home during a hearing I chaired of the Subcommittee on Children, Family, Drugs and Alcoholism on Tuesday. During that hearing, Mrs. Letitia Fletcher of Philadelphia laid out in highly personal, emotional terms how important LIHEAP is to millions of Americans. Tears streaming down her face, she described having to quit her job to care for her ill husband. Unable to afford fuel oil, they heated with a kerosene heater until doctors advised her that the fumes would worsen her husband's condition.

Fortunately, Mrs. Fletcher found out about LIHEAP, and she and her husband were able to pay for fuel oil to heat their home. Although her husband recently passed away, Mrs. Fletcher is convinced that LIHEAP extended his life. She now works in her neighborhood to make sure others in need know about LIHEAP.

Fortunately, Mrs. Fletcher found help, but millions more who are eligible go without assistance because the program is under-funded. LIHEAP reaches less than a quarter of the eligible population and nearly a million fewer than it did in 1981. Funding for the program has declined from $2.1 billion in 1985 to $1.4 billion today. As funding has declined, heat interruptions have been on the increase, with more than one million families going without this basic necessity at some point in the winter of 1990–9191.

Given these statistics and my own conversations with LIHEAP clients in Connecticut, I must admit I was disappointed that the administration's budget proposed cutting LIHEAP's already inadequate funding in half. I plan to work with my colleagues during the budget and appropriations processes to restore as much funding as possible for LIHEAP.

At the same time, I am eager to discuss steps we might take to make the program more effective. The reauthorization bill I am today introducing on behalf of the Clinton administration contains a number of changes to the program intended to give States more flexibility and to encourage the targeting of households with high energy burdens.

I am also introducing the administration's bill to reauthorize the community services block grant. The community services block grant provides core funding to our Nation's network of community action agencies. These are social services groups with deep roots in communities in every part of the United States. By Federal law, the boards of these agencies are comprised of one-third elected officials, one-third business and civic leaders and one-third low-income residents of communities served by the agencies.

This unique partnership provides one of the secrets of community action agencies' success, for it empowers low-income communities by giving them say over their own affairs. When community members reach out to the community action agency, the hand they grasp is that of a neighbor.

Two of the witnesses at Tuesday's hearing, Catherine Riley of Minnesota and Jamie Enochs of Kansas, talked about how important community action agencies had been in their lives. They described how the agencies provide comprehensive services intended to help clients reach self-sufficiency, rather than just providing a check like a welfare agency.

This ability to see families' needs comprehensively—to weave the seamless garment of services—is a hallmark of community action agencies. They provide an impressively wide array of social services, from literacy programs to job training, from Meals on Wheels to homeless shelters, from child care to substance abuse education.

The community services block grant is money well spent because community action agencies use it to leverage funds from the private sector and from State and local governments. Federal block grant money actually constitutes only a small portion of community action agencies' budget, but it is an indispensable portion.

Over the years, a number of small discretionary programs have been authorized through the community services block grant. These programs have funded everything from rural housing improvements to antihunger efforts. The administration's bill proposes to eliminate most of these discretionary programs, replacing one—the Community Economic Development Program—with a new Community Initiative Program.

I plan to carefully examine this proposal in the weeks ahead. While I am sensitive to and support the goal of streamlining Federal programs, I am also aware that these small programs have served important purposes. We must be sure these purposes will still be met before we eliminate the funding sources dedicated to them.

The low-income Home Energy Assistance Program and the community services block grant both rest on the fundamental premise that a little help from the community may be all it takes for families to survive tough times. I look forward to working with my colleagues on the Labor Committee and in the Senate as a whole to reauthorize these valuable programs in the weeks ahead. I ask unanimous consent that the text of both bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—That this Act may be cited as the "Community Services Block Grant Amendments of 1994".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Community Services Block Grant Act (42 U.S.C. 9901 et seq.).

SEC. 2. ESTABLISHMENT OF COMMUNITY INITIATIVE PROGRAM.

(a) COMMUNITY INITIATIVE PROGRAM.—Section 681 (42 U.S.C. 9910) is amended to read as follows:

"COMMUNITY INITIATIVE PROGRAM

"SEC. 681. (a) GRANTS.—

"(1) AUTHORITY.—

"(A) IN GENERAL.—The Secretary is authorized to make grants to local, private, nonprofit community development corporations, or to enter into contracts or cooperative agreements with such community development corporations, to plan for and carry out economic development activities in economically distressed communities.

"(B) ECONOMIC DEVELOPMENT ACTIVITIES.—Economic development activities under this section shall be designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities and by providing support services that are designed to enhance the ability of low-income individuals and families to successfully avail themselves of such opportunities. In addition to any other activities consistent with the purposes of this section, such activities may include the development of facilities through means such as the establishment of partnerships with Head Start agencies, agencies or organizations providing child care or otherwise engaged in the field of child care or child development, and agencies or organizations serving children, youth and families.

"(2) CONSULTATION.—The Secretary shall exercise the authority provided under paragraph (1) in consultation with other relevant Federal officials.

"(b) GOVERNING BOARDS.—Each community development corporation receiving funds under this section shall be governed by a board that shall consist of residents of the community and business and civic leaders.

"(c) ANNUAL STATEMENT.—The Secretary shall annually publish a statement of the types of projects or activities for which funding under this section will be a priority, such as projects or activities designed to strengthen or enhance activities funded by other Federal programs.

"(d) GEOGRAPHIC DISTRIBUTION.—In providing assistance or entering into other arrangements under this section, the Secretary shall take into consideration the geographic distribution of funds among States and the relative proportion of funding among rural and urban areas.

"(e) RESERVATION.—Of the amounts made available to carry out this section, the Secretary may reserve not to exceed 1 percent for each fiscal year to make grants to private nonprofit organizations or to enter into contracts with private nonprofit or for profit organizations to provide technical assistance to aid community development corporations in developing or implementing projects funded under this section and to evaluate projects funded under this section.".

(b) REPEAL.—Section 505 of the Family Support Act of 1988 (42 U.S.C. 1315 note) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) STATE ALLOCATIONS.—Section 674(a) (42 U.S.C. 9903(a)) is amended—

(A) in paragraph (1), by striking "which remains after" and all that follows through "allot to each State;" and inserting "which remains after the Secretary makes the apportionment required in subsection (b)(1), allot to each State"; and

(B) in paragraph (2)(A), by striking "which remains after" and all that follows through "exceeds" and inserting "which remains after the Secretary makes the apportionment required in subsection (b)(1), exceeds".

(2) ANNUAL REPORT.—Section 682(c) (42 U.S.C. 9911(c)) is amended by striking "section 681(d)" and inserting "section 672(b)".

(3) LIMITATION.—Section 680(a) (42 U.S.C. 9909(a)) is amended by striking "section 681(c)" and inserting "section 681".

SEC. 3. AUTHORIZATIONS OF APPROPRIATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Subsection (b) of section 672 (42 U.S.C. 9901(b)) is amended to read as follows:

"(b) There are authorized to be appropriated $434,622,000 for fiscal year 1995, and such sums as may be necessary for each of fiscal years 1996 through 1998, to carry out the provisions of this subtitle.".

(b) REPEALS.—

(1) COMMUNITY FOOD AND NUTRITION.—Section 681A (42 U.S.C. 9910a) is repealed.

(2) DEMONSTRATION PARTNERSHIP AGREEMENTS.—Section 408 of the Human Services Reauthorization Act of 1986 (42 U.S.C. 9910b) is repealed.

SEC. 4. ALLOTMENTS.

(a) SECTION HEADING.—Section 674 (42 U.S.C. 9903) is amended in the section heading to read as follows:

"ALLOTMENTS".

(b) SET-ASIDES.—Section 674 (42 U.S.C. 9903) is amended—

(1) by redesignating subsections (a), (b), and (c) as subsections (e), (f), and (g), respectively; and

(2) by inserting before subsection (e) (as so redesignated), the following new subsections:

"(a) With respect to amounts appropriated under section 672(b), the Secretary shall make allotments in accordance with subsections (b) through (g).

"(b) Of the amounts appropriated pursuant to section 672(b) for fiscal year 1995 and each of the following 4 fiscal years, the Secretary shall reserve $35,000,000 for each such fiscal year for carrying out section 681.

"(c) Of the amounts appropriated pursuant to section 672(b), the Secretary may reserve not to exceed one-half of 1 percent of the amount remaining after the application of subsection (b) for each of the fiscal years 1995 and 1996, and up to 1 percent of such amount for fiscal year 1997 and each fiscal year thereafter, for training, technical assistance, planning, and evaluation activities related to programs or projects carried out under this Act. Such activities may be carried out by the Secretary directly or through grants, contracts, or cooperative agreements.

"(d) Of the amounts appropriated pursuant to section 672(b), the Secretary may reserve not to exceed 2½ percent of the amount remaining after the application of subsection (b) for fiscal year 1995, up to 4 percent of such amount for fiscal year 1996, up to 5 percent of such amount for fiscal year 1997, and up to 6 percent of such amount for fiscal year 1998, for grants, contracts, or cooperative agreements to address needs or problems of the poor which are identified by the Secretary as priorities in the effort to alleviate the causes of poverty.".

SEC. 5. APPLICATIONS AND REQUIREMENTS.

(a) ASSURED ACTIVITIES.—Section 675(c)(1)(B) (42 U.S.C. 9904(c)(1)(B)) is amended by inserting "the homeless, migrants, and" before "the elderly poor".

(b) STATE RESPONSIBILITIES.—Section 675(c)(2)(B) (42 U.S.C. 9904(c)(2)(B)) is amended to read as follows:

"(B) if less than 100 percent of the allotment is expended under subparagraph (A), provide assurances that with respect to the remainder of the allotment a reasonable amount shall be used for—

"(i) monitoring the activities of eligible entities and providing training and technical assistance to those entities in need of such assistance;

"(ii) coordinating State-operated programs and services targeted to low-income children and families with services provided by eligible entities funded under this Act; and

"(iii) considering the distribution of funds under this Act within the State to determine if such funds have been targeted to the areas of highest need and, thereafter, not more than the greater of $55,000 or 5 percent of its allotment under section 674 for administrative expenses at the State level;".

(c) TRIPARTITE BOARD.—Section 675(c)(3) (42 U.S.C. 9904(c)(3)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking the comma after "provide assurances that" and inserting "(A)"; and

(3) by inserting before the semicolon at the end thereof ", and (B) in the case of a public organization receiving funds under this subtitle, such organization either establish—

"(i) a board of which at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; or

"(ii) another mechanism specified by the State to assure citizen participation in the planning, administration, and evaluation of projects for which such organization has been funded;".

(d) COMMUNITY ACTION AGENCY PLAN.—Section 675(c) (42 U.S.C. 9904(c)) is amended—

(1) in paragraph (11)(B) by striking "and" at the end thereof;

(2) in paragraph (12) by striking the period and inserting "; and"; and

(3) by inserting after paragraph (12) the following new paragraph:

"(13) secure from each eligible entity as a condition to its receipt of funding under this Act a community action plan (which shall be available to the Secretary for inspection) that includes—

"(A) a community needs assessment (including food needs);

"(B) a description of the service delivery system targeted to low-income individuals and families in the service area;

"(C) a description of how linkages will be developed to fill identified gaps in services through information, referral, case management, and followup consultations;

"(D) a description of how funding under this Act will be coordinated with other public and private resources; and

"(E) a description of outcome measures to be used to monitor success in promoting self-sufficiency, family stability, and community revitalization.".

SEC. 6. EFFECTIVE DATE.

The amendments made by this Act shall become effective with respect to fiscal years beginning on or after October 1, 1994.

S. 1938

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Low-Income Home Energy Assistance Amendments of 1994".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

SEC. 2. STATEMENT OF PURPOSE.

Subsection (a) of section 2602 (42 U.S.C.8621(a)) is amended to read as follows:

"(a) In order to assist low-income households, particularly those that pay a high proportion of household income for home energy, both in meeting their immediate home energy needs, and in attaining the capacity to meet such needs independently in the future, the Secretary of Health and Human Services is authorized to make grants to States for programs and activities consistent with the provisions of this title.".

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

(a) AMOUNTS AUTHORIZED.—

(1) IN GENERAL.—Section 2602(b) (42 U.S.C. 8621(b)) is amended by striking "this title" and all that follows through the end of the first sentence and inserting "this title, such sums as may be necessary for each of fiscal years 1995 through 1999.".

(2) INCENTIVE PROGRAM FOR LEVERAGING NON-FEDERAL SOURCES.—Subsection (d) of section 2602 (42 U.S.C. 8621(d)) is amended to read as follows:

"(d)(1) There are authorized to be appropriated to carry out section 2607A, $50,000,000 for each of the fiscal years 1995 and 1996, $60,000,000 for fiscal year 1997, $70,000,000 for fiscal year 1998, and $80,000,000 for fiscal year 1999, except that if the amount appropriated

pursuant to subsection (b) does not exceed the amount specified in paragraph (2) for a fiscal year, the amount authorized to be appropriated to carry out section 2607A for such fiscal year shall be $50,000,000.

"(2) For purposes of paragraph (1), the amount specified is—

"(A) for fiscal year 1997, the amount appropriated pursuant to subsection (b) for fiscal year 1996;

"(B) for fiscal year 1998, the amount so appropriated for fiscal year 1997; and

"(C) for fiscal year 1999, the amount so appropriated for fiscal year 1998,

or, if greater, the amount so appropriated for fiscal year 1995.".

(b) PERIOD FOR WHICH APPROPRIATION IS MADE; REPEAL OF PROGRAM YEAR.—Section 2602 (42 U.S.C. 8621) is amended—

(1) by repealing subsection (c);

(2) by redesignating subsection (d) as subsection (c); and

(3) in the second sentence of subsection (b), to read as follows: "Amounts appropriated pursuant to this subsection or subsection (c) for a fiscal year shall be available for carrying out this title in the following fiscal year.".

SEC. 4. EMERGENCY FUNDS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2602 (42 U.S.C. 8621) as amended by section 3, is further amended by adding at the end thereof the following new subsection:

"(d) There are authorized to be appropriated in any fiscal year for payments under this title, in addition to amounts appropriated for distribution to all the States in accordance with section 2604 (other than subsection (g)), such sums as may be necessary to meet the additional home energy assistance needs of one or more States arising from a natural disaster or other emergency. Funds appropriated pursuant to this subsection are hereby designated to be emergency requirements pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, except that such funds shall be made available only after the submission to Congress of a formal budget request by the President (for all or a part of the appropriation pursuant to this subsection) that includes a designation of the amount requested as an emergency requirement as defined in such Act.".

(b) ALLOTMENT OF EMERGENCY FUNDS.—Section 2604 (42 U.S.C. 8623) is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding subsections (a) through (f), the Secretary may allot amounts appropriated pursuant to section 2602(d) to one or more than one State. In determining to which State or States additional funds may be allotted, the Secretary shall take into account the extent to which a State was affected by the emergency or disaster, the availability to an affected State of other resources under this or any other program, and such other factors as the Secretary determines relevant.".

SEC. 5. AUTHORIZED USES OF FUNDS.

Paragraph (1) of section 2605(b) (42 U.S.C. 8624(b)(1)) is amended to read as follows:

"(1) use the funds available under this title to—

"(A) conduct outreach activities and provide assistance to low income households, particularly those that pay a high proportion of household income for home energy;

"(B) intervene in energy crisis situations, and, to the extent determined appropriate by the State, to encourage and enable households to attain, to the maximum extent feasible, home energy self-sufficiency;

"(C) provide low-cost residential weatherization and other cost-effective residential repairs or improvements related to energy use;

"(D) provide energy conservation education; and

"(E) plan, develop, and administer the State's program under this title including leveraging programs,

and the State agrees not to use such funds for any purposes other than those specified in this title;".

SEC. 6. TARGETING OF ASSISTANCE TO HOUSEHOLDS WITH HIGH HOME ENERGY BURDENS.

(a) HOUSEHOLD INCOME.—Section 2605(b)(2)(B) (42 U.S.C. 8624(b)(2)(B)) is amended by striking the matter following clause (ii) and inserting the following:

"except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income;".

(b) OUTREACH ACTIVITIES.—Section 2605(b)(3) (42 U.S.C. 8624(b)(3)) is amended by striking "are made aware" and inserting "and households with high home energy burdens, are made aware".

(c) ASSISTANCE LEVELS.—Section 2605(b)(5) (42 U.S.C. 8624(b)(5)) is amended by inserting "or needs" after "highest energy costs".

(d) STATE PLAN.—Section 2605(c)(1) (42 U.S.C. 8624(c)(1)) is amended—

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (H), respectively; and

(2) by inserting after subparagraph (D) the following new subparagraph:

"(E) describes any steps that will be taken (in addition to those necessary to carry out the assurance contained in paragraph (5) of subsection (b)) to target assistance to households with high home energy burdens;".

SEC. 7. REMOVAL OF CONSTRAINT ON SECRETARIAL PROGRAM GUIDANCE.

Section 2605(b) (42 U.S.C. 8624(b)) is amended by striking the first flush sentence immediately following paragraph (14).

SEC. 8. CLARIFICATION OF AUDIT REQUIREMENT.

Section 2605 (42 U.S.C. 8624) is amended—

(1) in subsection (b)(10), by striking "and provide that" and all that follows and inserting "and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the 'Single Audit Act');"; and

(2) in subsection (e), by striking "at least every two years" and all that follows and inserting "in accordance with chapter 75 of title 31, United States Code.".

SEC. 9. USE OF DEPARTMENT OF ENERGY WEATHERIZATION RULES TO ACHIEVE PROGRAM CONSISTENCY.

Section 2605(c)(1)(D) (42 U.S.C. 8624(c)(1)(D)) is amended by inserting before the semicolon at the end thereof the following: ", including any steps the State will take to address the weatherization and energy-related home repair needs of households that have disproportionately high home energy costs or needs in relation to household income, and describes the rules promulgated by the Department of Energy for administration of its Low Income Weatherization Assistance Program which the State, to the extent permitted by the Secretary to increase consistency between federally assisted programs, will follow regarding the use of funds provided under this title by the State for such weatherization and energy-related home repairs and improvements".

SEC. 10. MATTERS TO BE DESCRIBED IN ANNUAL APPLICATION.

Section 2605(c)(1) (42 U.S.C. 8624(c)(1)) is amended—

(1) in subparagraph (F) (as so redesignated by section 6(d) of this Act)—

(A) by striking "and (13)" and inserting "(13), and (15)"; and

(B) by striking "and" at the end thereof; and

(2) by inserting after subparagraph (F) (as so redesignated by section 6(d) of this Act), the following new subparagraph:

"(G) states, with respect to the 12-month period specified by the Secretary, the number and income levels of households assisted with funds provided under this title, and the number of households so assisted with—

"(i) a member who had attained 60 years of age;

"(ii) a member who was disabled; and

"(iii) one or more young children; and".

SEC. 11. REPORT OF FUNDS AVAILABLE FOR OBLIGATION.

Section 2607(a) (42 U.S.C. 8628(a)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each State shall notify the Secretary, not later than 2 months prior to the close of a fiscal year, of the amount (if any) of its allotment for such year that will not be obligated in such year, and, if such State elects to submit a request described in subsection (b)(2), such State shall submit such request at the same time. The Secretary shall make no payment under paragraph (1) to a State for a fiscal year unless the State has complied with this paragraph with respect to the prior fiscal year.".

SEC. 12. MISCELLANEOUS AND TECHNICAL AMENDMENTS.

(a) IN GENERAL.—

(1) TREATMENT OF HOUSEHOLDS.—Section 2605(b)(7) (42 U.S.C. 8624(b)(7) is amended—

(A) in subparagraph (B), by adding "and" at the end thereof;

(B) in subparagraph (C), to read as follows:

"(C) assure that the home energy supplier will not treat households receiving assistance under this title less favorably than other households to which it supplies home energy, and will comply with all provisions under or pursuant to State law prohibiting adverse or discriminatory treatment of such households;"; and

(C) by striking subparagraph (D).

(2) INCENTIVE PROGRAM.—Section 2607A(e) (42 U.S.C. 8626a(e)) is amended by striking "July 31, of each year" and inserting "2 months after the close of the fiscal year during which the State provided leveraged resources to eligible households, as described in subsection (b)".

(b) TECHNICAL AMENDMENTS.—

(1) Section 2602(b) (42 U.S.C. 8621(b)) is amended—

(A) by inserting "(other than section 2607A)" after "to carry out the provisions of this title"; and

(B) by striking the second period at the end thereof.

(2) Section 2603(2) (42 U.S.C. 8622(2)) is amended—

(A) by striking "the" in paragraph (2) and inserting "The"; and

(B) by striking the semicolon at the end thereof and inserting a period.

(3) The sentence that immediately precedes paragraph (15) of section 2605(b) (42

U.S.C. 8624(b)) is transferred so as to appear as a flush sentence immediately after paragraph (15).

(4) Section 2605(b)(3) (42 U.S.C. 8624(b)(3)) is amended by striking "handicapped" and inserting "disabled".

(5) Section 2607A(c)(2) (42 U.S.C. 8626a(c)(2)) is amended by striking ".0008 percent" and inserting "0.08 percent".

(6) Section 2610(a) (42 U.S.C. 8629(a)) is amended—

(A) in paragraph (2), by striking the semicolon after "used" and inserting a semicolon after "title"; and

(B) in paragraph (5)—

(i) by striking "handicapped" and inserting "disabled"; and

(ii) by inserting before the semicolon at the end thereof "or include young children".

SEC. 13. EFFECTIVE DATE.

The amendments and repeals made by this Act shall become effective on October 1, 1994.

By Mr. DODD:

S. 1939. A bill to authorize the establishment of a free-trade area in the Western Hemisphere; to the Committee on Finance.

WESTERN HEMISPHERE FREE-TRADE AREA ACT OF 1994

Mr. DODD. Mr. President, I rise today to introduce the Western Hemisphere Free-Trade Area Act of 1994. This bill would give the President the authority to negotiate an inclusive free-trade agreement with our neighbors throughout the Americas by the end of 1999.

A hemisphere-wide free-trade agreement is the logical next step for us to pursue after passage of the North American Free-Trade Agreement last year. When history books are eventually written about the coming together of the United States and its neighbors in the late 20th century, I hope the ratification of last year's trade agreement with Mexico and Canada will not be the last chapter, but the first.

This legislation provides an outline for the remaining chapters of what could prove to be an amazing story. Rather than pursuing a piece-meal, country-by-country approach to free trade in the Americas, this legislation supports a comprehensive, unified strategy. It says that the United States, Canada, Mexico, and all interested nations in Latin America and the Caribbean should sit down at a table together and hammer out an agreement.

WORLD'S LARGEST MARKET

Such a free-trade area would comprise the largest single market in the world. It would include nearly three-quarters of a billion people and have a gross domestic product of more than $7.3 trillion.

The time is right for this process of integration to begin. Later this year, the United States will host a hemispheric summit that will bring together leaders from throughout the Americas. If we act now with leadership and vision, the Western Hemisphere will enter the 21st century strengthened by democracy, warmed by friendship, and linked by free trade. The nations of the hemisphere may finally be able to move beyond a history of separation and suspicion and embark on a new future.

HOPES FOR POST-COLD-WAR WORLD

I firmly believe we must move in this direction, for it is in Latin America and the Caribbean that the hopes of a post-cold-war world organized around the principles of democracy, human rights, and unfettered trade are most within reach. There are more democratically elected governments in the Western Hemisphere now than at any time since the Spaniards first set foot here more than five centuries ago. Free market reforms have swept the region.

A hemisphere-wide free-trade agreement is the best tool we have to cement the recent democratic and economic reforms in Latin America and encourage more of the same. It is the best tool we have to strengthen the democracies of the region and prevent civil strife. It is the best tool we have to expand markets thirsty for U.S. products.

Our position in such a market would strengthen our hand in trade negotiations with the Europeans and the Japanese. It would give us more leverage in opening up markets around the world. It would position our economy for success in the coming century.

ALREADY A MAJOR MARKET

Latin America and the Caribbean already provide a major market for United States exports. Between 1991 and 1992, U.S. exports to the region grew by $12.4 billion, from $63.4 to $75.8 billion. That was a 19.5-percent increase in just 1 year. U.S. exports to the rest of the world increased by only 4 percent during that time. We now enjoy a $7 billion trade surplus with our neighbors in the Americas.

The region is now the United States third largest trading partner, surpassed only by Canada and Western Europe. We have paid a great deal of attention in recent weeks to our trade relationship with Japan, and justifiably so because it is so central to our economy. But we should keep in mind that we now trade more with Latin America and the Caribbean than we do with Japan.

I know that opponents of such a proposal will make the same arguments they made against the North American Free-Trade Agreement. They will say that a Western Hemisphere free-trade agreement would open our shores to cheap imports from Latin America and put American industry at a disadvantage.

But the truth is that the United States has little to lose from such an agreement. Latin America's tariffs on United States goods are now significantly higher than our tariffs on their products. In fact, two major exports from the region—coffee and crude oil—already enter the United States duty free.

We have much to gain by seeking the same kind of access for our exports, and the best way to meet that goal is through a broad-based trade agreement.

UNIFYING THE PATCHWORK

Such a pact would replace the patchwork of bilateral and multilateral trade zones—many of them overlapping—that now cover much of our hemisphere. The most prominent of these agreements, of course, is the North American Free-Trade Agreement linking the United States, Mexico, and Canada. But there are others as well:

The 13 English-speaking nations of the Caribbean have formed the Caribbean Common Market.

The Central American countries have free-trade agreements with Mexico and Venezuela.

The Andean Pact of Bolivia, Colombia, Ecuador, Peru, and Venezuela will soon eliminate all internal trade barriers.

The Mercosur countries of Argentina, Brazil, Paraguay, and Uruguay plan to complete a southern cone common market by 1995.

These subregional trade agreements illustrate the trend toward free markets and freer trade in the Americas, and they should be applauded. But they also illustrate something else: The need to bring everyone under the umbrella of a hemisphere-wide agreement.

If we pursue this course one country at a time or one small group at a time, early joiners may seek to close the door on others out of fear that expansion would dilute their benefits. Countries initially passed over in favor of their neighbors may question why they were spurned. Bruised feelings could mushroom into economic and political disputes.

THE NEED FOR A NEW VISION

My legislation seeks to head off such a scenario by inviting everyone to hammer out an agreement together. The bill calls for the creation of a new multilateral agency within the organization of American States with the charge of negotiating and implementing a free-trade agreement for the Americas.

Others are thinking along the same lines. Peter Hakim, president of Inter-American Dialogue, described the need for such an organization in an editorial that appeared in the Christian Science Monitor last month.

Mr. President, further, I point out that by establishing such an agreement hemisphere-wide, we would be able to set some minimum standards of democracy, human rights, and free markets.

As I mentioned a moment ago, we have recently seen an unprecedented flowering of democracy in this hemisphere. Less than 2 years ago, we celebrated the 500th anniversary of the encounter of the cultures of Europe and

the indigenous cultures of the Americas that existed at the time. More democracies are in place today than at any point in the 500-year modern history of the Americas.

I believe that we should try and cement those gains. We can do that, in my view, by establishing basic principles. If you wish to be a member of the family of free-trade countries in this hemisphere, then you must adopt democratic and human rights policies and free-market principles. If you are a member of the trade organization or this family, then you must solidify those particular gains.

Mr. President, I will submit this legislation shortly, and I would invite my colleagues to examine the bill, which I think offers a sound approach. I think picking one country over another because of some short-term political gains that may be made or considerations beyond the ones involving free trade could cause some problems for us in this hemisphere. I think we have achieved a great success with the North American Free-Trade Agreement—we now ought to expand that to include these other countries.

Chile in particular has a strong interest in beginning this process. Argentina and other nations such as Uruguay and Paraguay have also expressed their desire to accelerate the economic integration of the hemisphere.

So I would invite my colleagues to look at this legislation and to offer some suggestions. I think the sooner we set up a framework and a structure for inviting other nations to join the family of free-trading nations in this hemisphere, the better off we will be.

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

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

OUTLINE OF WESTERN HEMISPHERE FREE-TRADE AGREEMENT ACT

Section 1—Short title identifying the Act as the Western Hemisphere Free-Trade Area Act of 1994.

Title I sets forth the policy, purposes and objectives on establishing a free trade area for the Western Hemisphere and sets 1999 as the target for the entry into force of such an area.

Title II provides negotiating authority to the President to conclude an agreement to establish a free trade agreement for the entire hemisphere based upon the principles and obligations set forth in NAFTA.

Title II also sets forth six requirements that must be met in order for a country to be eligible to participate in the free trade arrangement.

Title III sets forth procedures for Congressional consideration of the implementing legislation, including the extension of fast track procedures to Congressional consideration.

Title IV calls for the establishment of a hemisphere-wide trade organization within the OAS system to serve as the focal point for the negotiation and implementation of the free trade agreement.

Title V provides standing authority for appropriations beginning in FY 1995 to defray the expenses associated with implementing this Act.

[From the Christian Science Monitor, Jan. 27, 1994]

HEMISPHERIC SUMMIT: WHAT COUNTS IS THE FOLLOW-THROUGH

(By Peter Hakim)

On his way to Punta del Este, Uruguay, for the 1967 summit meeting of Western Hemisphere leaders, President Lyndon Johnson was struck by anxiety. It was one o'clock in the morning, probably somewhere above the Amazon, when he called Organization of American States [OAS] Ambassador Sol Linowitz, the chief summit organizer, to his side and asked him what they were going there for. Now that the Clinton administration is assembling the first hemispheric summit (to be held later this year in the United States) since Punta del Este, it needs answers to Mr. Johnson's question.

The difficulty will not be in defining the agenda for the meeting or in gaining agreement on it from Latin American and Caribbean governments. There are four obvious agenda items:

The first is the future of regional trading arrangements, specifically how to move beyond the North American Free-Trade Agreement and other subregional trade pacts toward a hemispheric free-trade system. Most attention will inevitably focus on whether, when, and how the US and its North American partners will open NAFTA to other members. Interestingly, the main item on the 1967 summit agenda was Latin American economic integration; the change is that the US and Canada are now part of the process.

The second theme is the continuing struggle to consolidate democratic practice in the Americas. Despite Latin America's impressive turn toward democracy, few of its countries can yet boast vigorous democratic institutions that represent the interests and protect the rights of all citizens and that subordinate armies to civilian authority. It will certainly be more productive to discuss these issues now than it was in 1967, when half the Latin American leaders at the summit were dictators.

Third, poverty and inequality have to be on the agenda, not only because they are morally offensive but also because social injustice threatens the region's prospects for economic growth and stable democracy. The uprising in southern Mexico and violent protests in Argentina are recent warnings.

Finally, the summit should explore how the U.S. and Latin American nations can work together more effectively on such shared problems as environmental deterioration, drug trafficking, refugees, and the spread of conventional and nuclear weapons.

Formulating the agenda will be relatively easy. The more difficult task will be to decide what the administration wants the summit to accomplish. Will Washington be satisfied to reconfirm that the U.S. and Latin America now share a common agenda and a consistent set of goals? Or will it also want to set in motion some concrete initiatives to accomplish those goals? Does President Clinton want to fortify friendships or pave the way for partnerships?

The summit will pay dividends in either case; in fact, it already has. By announcing it immediately after NAFTA's approval, Washington has sent a reassuring message to Latin America: that U.S. interests in the region are not confined to Mexico but extend throughout Latin America.

Preparations for the meeting will force U.S. policymaking officials to devote some thought to longer-range issues in U.S.-Latin America relations and consult about those issues with Latin American governments and U.S. nongovernmental organizations. Mr. Clinton and his senior advisers should gain both a better understanding of the region and the chance to engage its leaders. All this will leave U.S. relations with the region better off.

The administration, however, could aim for a more ambitious outcome. That would require the participants to focus not only on issues but also on institutions.

Three institutions might be given particular importance at the summit. The OAS needs a stronger capacity to help safeguard and advance democratic practice and human rights in the hemisphere; that, in turn, will demand a stronger commitment to the OAS by the U.S. and other governments, as well as needed internal reforms. The Inter-American Development Bank needs increased resources and greater organizational agility to tackle more effectively the poverty and inequality in Latin America. And a new multilateral mechanism is needed to guide and coordinate progress toward a hemispheric free-trade system. Despite the importance that every country of the Americas now gives to trade and economic integration, no organization currently has the mandate and expertise to exercise leadership on these issues.

The summit's significance will be mostly determined by what happens later—whether the participating countries put into practice and remain committed to the agreements reached. According to Ambassador Linowitz, "The Punta del Este communique included a 23-page action program, which did not produce a great deal of action."

By Mr. BRADLEY:

S. 1940. A bill to amend the Congressional Budget Act of 1974 to require that the allocations of budget authority and budget outlays made by the Committee on Appropriations of each House be agreed to by joint resolution and to permit amendments that reduce appropriations to also reduce the relevant allocation and the discretionary spending limits; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have 30 days to report or be discharged.

SPENDING REDUCTION AND BUDGET CONTROL ACT OF 1994

• Mr. BRADLEY. Mr. President, people wonder why Congress is so able to spend so much money despite its loud declarations for deficit reduction.

Part of the answer is in the rules Congress plays by when it spends money.

In theory, Congress passes a budget and then writes spending bills that reflect that budget. In practice, Congress passes a budget and then makes it very difficult to cut specific programs.

Here's how it works: After Congress approves the budget, the appropriations committees are allowed to determine discretionary spending within the budget resolution targets.

The Appropriations Committee distributes spending authority to its 13

subcommittees. Tens of billions of dollars are given to the subcommittees, based on the sketchiest guidelines. The rest of Congress never knows how this was done or how their constituents' money can be spent until they've been handed the results.

We need to return this power to the voters by allowing all of their representatives to determine how to distribute the money within the budget targets and subcommittee jurisdictions. That means nothing more than requiring a vote by each House that would specify which subcommittees get which amount of money.

Unfortunately, this step alone doesn't solve the problem. When the appropriations bills come to the floor, there are different complex rules but the same problem: The rules greatly limit your ability to cut spending.

Here's how it works when you try to cut spending from appropriations bills: If your amendment to cut spending passes, the category that money came from remains intact, and the money you saved can be spent somewhere else in that category.

It you want to avoid the trap I just described, you also have to get approval to cut the category. And categories are very important in Congress—we have rules that say you need 60, not 50, votes to reduce these privileged entities.

But there's more. Even if the House and Senate agree on similar spending and category cuts, the conference committee that comes up with the final bill is completely free to reinsert whatever funding might have been cut.

This really happens. It happened last year to a spending cut amendment I offered. After the Senate agreed to cut $22 million from something called the High Temperature Gas Reactor, the conference committee scaled the reduction down to $10 million. Half a loaf, but still $10 million in deficit reduction, right? Wrong. The Energy and Water Appropriations bill which funded the HTGR actually increased in size after conference, gaining an extra $20 million out of thin air.

Let me make an analogy between cutting spending under the present system and basketball. Imagine you make a free throw—cut a specific program—but it doesn't count unless you go back to the three-point line and make the shot again—cut the category. Then, if you manage to make both shots, you have to go back to the half-court line and sink a shot from there—keep cuts in conference report—in order to get credit for a single free throw, or a single deficit reduction amendment.

Mr. President, if we created this maze, we can straighten it out. We have to turn the process around so that it's as easy to cut spending in the future as it is to protect spending now. That means a new system.

First, the House and Senate would have overall common spending targets by appropriations subcommittees; second, any amendment could specify a program cut and a cut in the overall allocation, and be passed by majority vote; and third, the conference committee could not report a bill that spent more than either the House or Senate version.

Americans are right when they think that we are truly inspired when it comes to spending; we need to bring the same zeal to cutting spending.

And last, we need to apply that same zeal to tax and spending entitlements. It's clear that I think we need real reform on the discretionary side of the budget, but it's also clear that Congress needs to take on the uncontrolled spending in tax loopholes and spending entitlements. Even as I pursue the proposals I've just outlined, I will fight for control of health care entitlements as a part of health care reform, and will look for new ways to curb the excesses in the Tax Code that I have long fought as wasteful and budget busting.

I ask unanimous consent that a description of the bill and its purpose, and the text of the legislation be printed in the RECORD.

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

S. 1940

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 "Spending Reduction and Budget Control Act of 1994."

SEC. 2. JOINT RESOLUTION ALLOCATING APPROPRIATED SPENDING.

(a) COMMITTEE ON APPROPRIATIONS RESOLUTION.—Section 302(b) of the Congressional Budget Act of 1974 is amended to read as follows:

"(b) COMMITTEE SUBALLOCATIONS.—

"(1) COMMITTEES ON APPROPRIATIONS.—(A) As soon as practical after a concurrent resolution on the budget is agreed to, the Committee on Appropriations of each House shall, after consulting with Committee on Appropriations of the other House, report to its House an original joint resolution on appropriations allocations (referred to in the paragraph as the 'joint resolution') that contains the following:

"(i) A subdivision among its subcommittees of the allocation of budget outlays and new budget authority allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution.

"(ii) A subdivision of the amount with respect to each such subcommittee between controllable amounts and all other amounts.

The joint resolution shall be placed on the calendar pending disposition of such joint resolution in accordance with this subsection.

"(B)(i) Except as provided in clause (ii), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of joint resolutions reported under this paragraph and conference reports thereon.

"(ii)(I) Debate in the Senate on any joint resolution reported under this paragraph, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

"(II) The Committee on Appropriations shall manage the joint resolution.

"(C) The allocations of the Committees on Appropriations shall not take effect until the joint resolution is enacted into law.

"(2) OTHER COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to every committee of the House and Senate (other than the Committees on Appropriations) to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made—

"(A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction; and

"(B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this paragraph.".

(b) POINT OF ORDER.—Section 302(c) of the Congressional Budget Act of 1974 is amended by striking "such committee makes the allocation or subdivisions required by" and inserting "such committee makes the allocation or subdivisions in accordance with".

(c) ALTERATION OF ALLOCATIONS.—Section 302(e) of the Congressional Budget Act of 1974 is amended to read as follows:

"(e) ALTERATION OF ALLOCATIONS.—

"(1) Any alteration of allocations made under paragraph (1) of subsection (b) proposed by the Committee on Appropriations of either House shall be subject to approval as required by such paragraph.

"(2) At any time after a committee reports the allocations required to be made under subsection (b)(2), such committee may report to its House an alteration of such allocations. Any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.".

SEC. 3. AMENDMENTS TO APPROPRIATIONS BILL.

Section 302 of the Congressional Budget Act of 1974 is amended by—

(1) redesignating subsection (g) as subsection (h); and

(2) inserting after subsection (f) the following:

"(g) AMENDMENTS TO APPROPRIATIONS ACT REDUCING ALLOCATIONS.—

"(1) FLOOR AMENDMENTS.—Notwithstanding any other provision of this Act, an amendment to an appropriations bill shall be in order if—

"(A) such amendment reduces an amount of budget authority provided in the bill and reduces the relevant subcommittee allocation made pursuant to subsection (b)(1) and the discretionary spending limits under section 601(a)(2) for the fiscal year covered by the bill; or

"(B) such amendment reduces an amount of budget authority provided in the bill and reduces the relevant subcommittee allocation made pursuant to subsection (b)(1) and the discretionary spending limits under section 601(a)(2) for the fiscal year covered by the bill and the 4 succeeding fiscal years.

"(2) CONFERENCE REPORTS.—(A) It shall not be in order to consider a conference report on an appropriations bill that contains a provision reducing subcommittee allocations and discretionary spending included in both

the bill as passed by the Senate and the House of Representatives if such provision provides reductions in such allocations and spending that are less than those provided in the bill as passed by the Senate or the House of Representatives.

"(B) It shall not be in order in the Senate or the House of Representatives to consider a conference report on an appropriations bill that does not include a reduction in subcommittee allocations and discretionary spending in compliance with subparagraph (A) contained in the bill as passed by the Senate and the House of Representatives.".

SEC. 4. SECTION 602(b) ALLOCATIONS.

Section 602(b)(1) of the Congressional Budget Act of 1974 is amended to read as follows:

(1) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—The Committee on Appropriations of each House shall make allocations under subsection (a)(1)(A) or (a)(2) in accordance with section 302(b)(1).".

SPENDING REDUCTION AND BUDGET CONTROL ACT OF 1994—BILL SUMMARY

The legislation introduced today increases the likelihood of deficit reduction and the accountability of the budget process. The bill gives legislators new tools to address spending priorities and deficit reduction.

STEP 1: FIX THE ALLOCATION PROCESS

Problem: A central decision in the Appropriations process is the distribution of available spending authority (BA and outlays) among the thirteen subcommittees. While the Budget Resolution may fix the total spending ceiling, the "functional categories" provide little guidance for these "302/602 (B)" allocations. As a result, the Appropriations Committee make fundamental decisions about spending priorities that are not subject to the approval by the entire Senate. Additionally, the House and Senate figures often differ.

Solution: The Congress would be required to consider and approve spending targets for each appropriations subcommittee. This would be done by a Joint Resolution which would: Originate and be managed within the Appropriations Committees; have privileged status and supersede other pending business; limit debate (Reconciliation-type rules—20 hour debate), tight germaneness rules for amendments); specify allocations by Subcommittee; meet appropriate overall Budget cap; be passed by both Houses in final form prior to the approval of any Appropriations Bill by either House.

Subcommittees allocations can be modified in subsequent Appropriations Bills: downward by a majority vote; upward by a three-fifths vote, as is the case today.

STEP 2: AMENDMENTS TO APPROPRIATIONS BILLS SHOULD BE ABLE TO PRODUCE BUDGET SAVINGS WITH A MAJORITY VOTE

Problem: A valid criticism to any amendment to cut Appropriations is that such amendments are unlikely to result in deficit savings. If a legislator succeeds in cutting an account, the funds saved remain available under the Subcommittee's 302(b)/602(b) allocation to be spent on other items. If the appropriations cut amendment contains reductions in the 302(b)/602(b) allocation, then it is subject to a "supermajority" (i.e., three-fifths vote) point of order. Finally, even if both Houses pass similar cuts or if both Houses come in below the 302(b)/602(b) allocation figures, there is no explicit constraint on Conference to maintain deficit reduction.

Solution: Senators and Representatives would be allowed to offer appropriations cut amendments in one of three forms:

(i) Cut the program account, but retain current law subcommittee allocation and discretionary cap figures;

(ii) Cut the program account and drop subcommittee allocation and discretionary cap figures accordingly for current year;

(iii) Cut the program account and drop subcommittee allocation figure for current year and discretionary cap figure for current year and for an additional four years.

Any amendment offered in one of the above forms would not be subject to a three-fifths vote point of order.

STEP 3: FOCUS THE CONFERENCE COMMITTEES ON DEFICIT REDUCTION

Problem: Even if each House adopted reduced spending proposals, there's no guarantee that the conference committee will reduce spending. In fact, our experience is that the conference committee can drop cut proposals and even report a bill which increases spending higher than that reported by either House.

Solution: Conference would not be able to adopt a final 302(b)/602(b) allocation figure higher than the highest of the House or Senate figures; if two Houses agree on different budget cuts on the same appropriations bill, Conference would be required to pass savings equal to the lesser of the two packages of budget cuts.•

By Mr. BUMPERS (for himself, Mr. SIMON, Mr. CONRAD, Mr. LAUTENBERG, Mr. FEINGOLD, and Mr. LEAHY):

S. 1941. A bill to terminate the Milstar II Communications Satellite Program; to the Committee on Armed Services.

MILSTAR II TERMINATION ACT

• Mr. BUMPERS. Mr. President, I introduce legislation to terminate the Milstar program on behalf of Senators SIMON, CONRAD, LAUTENBERG, FEINGOLD, LEAHY, and myself.

This bill would terminate the prohibitively expensive Milstar satellite program, a program that the New York Times recently called the Pentagon's Pterodactyl. Doing so will save the taxpayers about $800 million in fiscal year 1995 and as much as $10 to $12 billion through fiscal year 2002. Because this money will be borrowed, the total savings, including the cost of interest would be some $25 billion over the next 35 years.

Milstar was designed to allow American military forces to endure a protracted nuclear conflict of 6 months or more. Today, it is difficult to believe that the United States ever planned to fight and win a nuclear war lasting months. Nevertheless, Milstar was designed to ensure that our surviving leaders could transmit targets and missile launch orders to our remaining nuclear forces, even if the rest of American society had been obliterated.

The first Milstar satellite—now designated Milstar I—has just been launched, 7 years late, after an expenditure of about $9 billion. A second Milstar I satellite will be launched in 1995. The money for these two satellites has already been obligated. What is now at issue is whether the Pentagon will spend another $10 billion or so for a modified system designated Milstar II.

With the end of the cold war, Congress directed that the Milstar program be restructured to save money and to better support regional conflicts. The main action taken was to cut the overall number of satellites—from 11 to 6—and to add a medium data rate communications capability to the third and subsequent satellites. Milstar II is better than the original concept. But one cannot turn a sow's ear into a silk purse.

Mr. President, the Pentagon plans on spending at least $10 billion from fiscal year 1994 to fiscal year 2002 to design, build, launch and operate four redesigned Milstar II satellites and their ground terminals. Yet they will be obsolescent by about 2006, when the Pentagon will be ready to launch a cheaper, more capable, follow-on system.

There is no question that America's Armed Forces require the best communications systems possible. But, despite its huge cost, Milstar II will not meet that need. Instead, it provides many capabilities that are meaningless in the post-cold war environment. It will provide some useful capabilities, but there are better and cheaper alternatives. And it does not address many of the Pentagon's most serious communications shortfalls.

Milstar was designed to function in a severe nuclear environment; in the presence of interference from sophisticated jammers; in the absence of ground stations; and in the face of direct antisatellite attacks. With the end of the cold war, that threat is minimal.

Milstar II will provide only low data rate [LDR] and medium data rate [MDR] channels. Encrypted LDR is good for passing short covert messages such as launch missiles. According to the Rand Corp., the requirement of LDR communications has been declining in recent years. MDR is used to transmit phone calls and fax-type materials. Milstar II will provide only a fraction of the Pentagon's MDR needs, and many other military and commercial satellites provide similar service more efficiently and cheaply. It does nothing to improve DOD's rapidly expanding need for high data rate [HDR] satellite communications channels. HDR is needed to rapidly transmit large data bases and high resolution imagery, both critical to timely wartime intelligence. Thus, even after Milstar is fully deployed in about 2002, U.S. forces will have to rely on alternative satellites to fulfill most of their communications needs in a major regional conflict.

Secretary of Defense Perry has said that Milstar should be judged by its antijamming capability. In that regard, the existing satellites of the Pentagon's Defense Satellite Communications System [DSCS] have an

antijamming capability, and they provide high data rate channels not provided by Milstar. And, like Milstar, DSCS satellites are hardened against the effects of nuclear explosions.

Recently, the officer formerly in charge of the Air Force budget for space systems said that Milstar is "the clearest example of a cold war system whose contributions to military conflicts like Desert Storm * * * would be negligible." Terminating the program will allow our Defense dollars to be spent on programs that truly support the readiness and capabilities of our fighting forces.

Mr. President, 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. 1941

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TERMINATION OF MILSTAR II COMMUNICATIONS SATELLITE PROGRAM.

(a) TERMINATION OF PROGRAM.—The Secretary of Defense shall terminate the Milstar II Communications Satellite program.

(b) PAYMENT OF TERMINATION COSTS.—Funds available on or after the date of the enactment of this Act for obligation for the Milstar II Communications Satellite program may be obligated for that program only for payment of the costs associated with the termination of that program.●

ADDITIONAL COSPONSORS

S. 340

At the request of Mr. HEFLIN, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 340, a bill to amend the Federal Food, Drug, and Cosmetic Act to clarify the application of the act with respect to alternate uses of new animal drugs and new drugs intended for human use, and for other purposes.

S. 1669

At the request of Mrs. HUTCHISON, the names of the Senator from Wyoming [Mr. WALLOP] and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of S. 1669, a bill to amend the Internal Revenue Code of 1986 to allow homemakers to get a full IRA deduction.

S. 1715

At the request of Mrs. HUTCHISON, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 1715, a bill to provide for the equitable disposition of distributions that are held by a bank or other intermediary as to which the beneficial owners are unknown or whose addresses are unknown, and for other purposes.

S. 1805

At the request of Mr. WARNER, the names of the Senator from Hawaii [Mr. INOUYE] and the Senator from Utah [Mr. BENNETT] were added as cosponsors of S. 1805, a bill to amend title 10, United States Code, to eliminate the disparity between the periods of delay provided for civilian and military retiree cost-of-living adjustments in the Omnibus Budget Reconciliation Act of 1993.

S. 1825

At the request of Mr. BUMPERS, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1825, a bill to authorize collection of certain State and local taxes with respect to the sale, delivery, and use of tangible personal property.

S. 1852

At the request of Mr. KENNEDY, the names of the Senator from Arizona [Mr. DECONCINI], the Senator from Maryland [Mr. SARBANES], the Senator from Massachusetts [Mr. KERRY], the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from Louisiana [Mr. JOHNSTON], and the Senator from Washington [Mrs. MURRAY] were added as cosponsors of S. 1852, a bill to amend the Head Start Act to extend authorizations of appropriations for programs under that act, to strengthen provisions designed to provide quality assurance and improvement, to provide for orderly and appropriate expansion of such programs, and for other purposes.

S. 1860

At the request of Mr. DODD, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 1860, a bill to authorize the minting of coins to commemorate the 1995 Special Olympics World Games.

S. 1869

At the request of Mr. COHEN, the names of the Senator from Indiana [Mr. LUGAR], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Delaware [Mr. ROTH], and the Senator from Idaho [Mr. KEMPTHORNE] were added as cosponsors of S. 1869, a bill to amend the National Security Act of 1947 to improve counterintelligence measures through enhanced security for classified information, and for other purposes.

S. 1906

At the request of Mr. ROCKEFELLER, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of S. 1906, a bill to provide that service connection for disabilities arising from exposure to ionizing radiation or dioxin may be established by direct evidence.

SENATE JOINT RESOLUTION 172

At the request of Mr. DOLE, the names of the Senator from Missouri [Mr. BOND], the Senator from Mississippi [Mr. COCHRAN], the Senator from New Mexico [Mr. DOMENICI], the Senator from Alabama [Mr. HEFLIN], the Senator from North Carolina [Mr. HELMS], the Senator from Hawaii [Mr. INOUYE], the Senator from Vermont [Mr. JEFFORDS], and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of Senate Joint Resolution 172, a joint resolution designating May 30, 1994, through June 6, 1994, as a "Time for the National Observance of the Fiftieth Anniversary of World War II."

SENATE CONCURRENT RESOLUTION 34

At the request of Mr. BRADLEY, the names of the Senator from Washington [Mr. GORTON], the Senator from Wisconsin [Mr. KOHL], and the Senator from Minnesota [Mr. DURENBERGER] were added as cosponsors of Senate Concurrent Resolution 34, a concurrent resolution expressing the sense of the Senate regarding the accounting standards proposed by the Financial Accounting Standards Board.

SENATE CONCURRENT RESOLUTION 62—RELATIVE TO THE REPUBLIC OF MACEDONIA

Mr. D'AMATO submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 62

Whereas the United States has strong and enduring political, strategic and economic ties with the Hellenic Republic of Greece;

Whereas Greece has been a wartime ally of the United States during every major conflict in this century;

Whereas the Former Yugoslav Republic of Macedonia is of no political, strategic or economic importance to U.S. interests in the region;

Whereas historical and archaeological evidence demonstrates that the ancient Macedonians were Greek;

Whereas Macedonia is a Greek name that has designated the northern area of Greece for over 2,000 years;

Whereas in 1944, the United States opposed the changing of the name of the Skopje region of Yugoslavia by Marshall Tito from Vardar Banovina to Macedonia as part of his campaign to gain control of the Greek province of Macedonia and the major port city of Salonika;

Whereas the regime in Skopje has persisted in inflaming tensions between it and Greece through a sustained propaganda campaign and the continued use of an ancient Greek symbol, the Star of Vergina, in its flag;

Whereas the Skopje regime has refused to amend paragraph 49 of its constitution, a reference to the 1944 declaration by the then communist regime calling for the "unification" of neighboring territories in Greece and Bulgaria with the "Macedonian Republic", and the Preamble and paragraph 3 which imply expansionist and irredentist policies;

Whereas Greece has no claim on the territory of the Former Yugoslav Republic of Macedonia and has repeatedly reaffirmed the inviolability of all borders in the area of the 2 countries; and

Whereas it is in the best interest of the United States to support its longtime and strategic ally Greece and oppose any expansionist or irredentist policies in order to promote peace and stability in the area: Now, therefore be it

Resolved by the Senate (the House of Representatives concurring),

That it is the sense of the Congress that—

(1) the President should not have extended diplomatic recognition to the Skopje regime that insists on using the Greek name of Macedonia; and

(2) the President should reconsider this decision and withdraw diplomatic recognition and any consideration of financial assistance until such time as the Skopje regime renounces its use of the name Macedonia, removes objectionable language in the Preamble and paragraph 3 and 49 of its constitution, removes symbols which imply territorial expansion such as the Star of Vergina in its flag, ceases propaganda against Greece and adheres fully to Conference on Security and Cooperation in Europe norms and principles.

Mr. D'AMATO. Mr. President, I rise today to submit a concurrent resolution asking the President to rescind American diplomatic recognition of the Former Yugoslav Republic of Macedonia [FYROM].

In a effort to gain control of the Greek Province of Macedonia, Marshall Tito, in 1944, changed the name of the Skopje region of Yugoslavia from Vandar Banovina to Macedonia. The regime in Skopje has persisted in increasing tensions between it and Greece. The propaganda campaign against Greece from Skopje continues today.

It is in the best interest of the United States to promote stability in the Balkans. By diplomatically recognizing FYROM, we will possibly jeopardize our relationship with Greece, and perhaps even threaten the peace in the Balkans.

As you well know, Greece, our wartime and NATO ally, is an important strategic, political, and economic partner of the United States. Greece is also our main ally in the region and is crucial in promoting peace, democracy, stability, and economic progress in the Balkans.

President Clinton's actions are in direct contradiction to his October 1992 campaign pledge to not recognize FYROM. Assurances from President Gligorov as to the several disputes with Greece are certainly not enough to allow for United States recognition. Before establishing diplomatic relations with FYROM, the Clinton administration should follow the following conditions: FYROM must remove the word "Macedonia" from its name; remove the objectionable constitutional language in articles 3 and 49 of its constitution with respect to expansionist and irredentist policies; remove the objectional symbols implying territorial expansion, such as the star of Vergina on its flag; cease its propaganda campaign against Greece; and adhere fully to CSCE norms and principles. The United States should withhold all financial and/or other aid until these actions are taken.

Mr. President, to put it simply, the President should not have granted diplomatic recognition to the Former Yugoslav Republic of Macedonia until the above conditions were met, and he should reconsider his decision and withdraw this recognition.

AMENDMENTS SUBMITTED

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993

RIEGLE (AND D'AMATO) AMENDMENTS NOS. 1523–1526

Mr. RIEGLE (for himself and Mr. D'AMATO) proposed four amendments to the bill (S. 1275) to facilitate the establishment of community development financial institutions; as follows:

AMENDMENT NO. 1523

On page 41, line 18, insert "a quasi-governmental entity," after "agency,".

On page 44, line 4, strike "and" and insert "or".

On page 44, strike line 17, and insert "any class of the voting shares of such corporation, and does not otherwise control in any manner the election of a majority of the directors of the corporation.".

On page 52, beginning on line 13, strike "State, and local" and insert "State, local, and tribal government".

On page 54, between lines 2 and 3, insert the following:

(c) EXCEPTION.—

(1) IN GENERAL.—Notwithstanding subsection (b)(1), in the case of a State in which there is no existing community development financial institution in operation on the date of enactment of this Act, an applicant may be an agency or instrumentality of a State government if—

(A) such an entity has a primary mission of promoting community development;

(B) any assistance received is used to establish a community development financial institution;

(C) there is no nongovernment entity within the State that possesses the capacity to become a community development financial institution;

(D) no other agency or instrumentality of the same State has received assistance; and

(E) assistance received will not reduce the amount of State funds that otherwise would be appropriated to such an entity.

(2) MAJORITY OWNERSHIP.—An agency or instrumentality eligible to apply pursuant to paragraph (1) may own a majority of the voting stock of a community development financial institution if it demonstrates that there is a lack of nonpublic sources of capital available to establish a community development financial institution.

(3) AMOUNT OF ASSISTANCE.—No State agency or instrumentality and a community development financial institution, a majority of the shares of which are owned by such an agency or instrumentality pursuant to this subsection, may cumulatively receive assistance exceeding the amount set forth under section 108(d)(1).

On page 54, line 3, strike "(c)" and insert "(d)".

On page 59, line 17, strike "offered" and insert "provided".

On page 61, line 1, before the first comma insert "and its affiliates".

On page 61, strike lines 9 through 22, and insert the following:

(e) MATCHING REQUIREMENTS.—

(1) IN GENERAL.—Assistance other than technical assistance shall be matched with funds from sources other than the Federal Government on the basis of not less than one dollar for each dollar provided by the Fund. Such matching funds shall be at least comparable in form and value to assistance provided by the Fund. The Fund shall provide no assistance (other than technical assistance) until a community development financial institution has secured firm commitments for the matching funds required.

(2) EXCEPTION.—In the case of an applicant with severe constraints on available sources of matching funds, the Fund may permit an applicant to comply with the matching requirements of paragraph (1) by—

(A) reducing such matching requirement by 50 percent;

(B) permitting such applicant to satisfy not more than 60 percent of the matching requirement through use of assistance made available pursuant to—

(i) section 106 of the Housing and Community Development Act of 1974;

(ii) section 623(c)(1) of the Community Economic Development Act of 1981; or

(iii) section 310B(c) of the Consolidated Farm and Rural Development Act; or

(C) permitting an applicant to provide matching funds in a form to be determined at the discretion of the Fund if such applicant—

(i) has total assets of less than $100,000;

(ii) serves nonmetropolitan areas; and

(iii) is not requesting more than $25,000 in assistance.

(3) LIMITATION.—Not more than 25 percent of the total funds disbursed in any fiscal year by the Fund may be matched as authorized under paragraph (2).

(4) CONSTRUCTION OF "FEDERAL FUNDS".—For purposes of this subsection, notwithstanding section 105(a)(9) of the Housing and Community Development Act of 1974, funds provided pursuant to such Act shall be considered to be Federal funds, except as provided in paragraph (2)(B).

On page 64, between lines 16 and 17, insert the following:

(E) NATIVE AMERICAN INSTITUTIONS.—In the case of a community development financial institution which serves an investment area described in paragraph (11)(C) of section 103, or an Indian tribe, as defined in section 4 of the Indian Self-Determination and Education Assistance Act, the Fund shall consult with the applicable tribal government in evaluating the institution's compliance with the performance goals established pursuant to subparagraph (B).

On page 67, between lines 23 and 24, insert the following:

(2) USER PROFILE INFORMATION.—The Fund shall require each community development financial institution receiving assistance under this subtitle to compile and maintain data on the gender, race, ethnicity, national origin, and other pertinent information concerning individuals that utilize the services of the assisted institution to ensure that targeted populations and low-income residents of investment areas are adequately served.

On page 67, line 24, strike "(2)" and insert "(3)".

On page 68, line 4, strike "(3)" and insert "(4)".

On page 68, line 10, strike "(4)" and insert "(5)".

On page 69, between lines 16 and 17, insert the following:

(2) NATIVE AMERICAN LENDING STUDY.—

(A) STUDY.—The Fund shall conduct a study on lending and investment practices

on Indian reservations and other land held in trust by the United States Government. Such study shall—

(i) identify barriers to private financing on such lands; and

(ii) identify the impact of such barriers on access to capital and credit for Native American populations.

(B) CONSULTATION WITH PRIVATE SECTOR.—In conducting the study under subparagraph (A), the Fund shall consult with tribal governments, private citizens, and organizations that possess expertise in lending and community development issues confronted by Native American populations.

(C) REPORT.—Not later than 18 months after the date of enactment of this Act, the Fund shall submit a report to the President and the Congress that—

(i) contains the findings of the study conducted under subparagraph (A);

(ii) recommends any necessary statutory and regulatory changes to existing Federal programs; and

(iii) makes policy recommendations for community development financial institutions, insured depository institutions, secondary market institutions, and other private sector capital institutions to better serve such populations.

On page 69, line 17, strike "(2)" and insert "(3)".

Beginning on page 75, line 23, strike all through page 77, line 2.

On page 77, line 3, strike "118" and insert "117".

On page 77, line 8, strike "119" and insert "118".

Beginning with page 78, line 24, strike all through page 79, line 2, and insert the following: "consumer credit transaction that is secured by the consumer's principal dwelling, other than a residential mortgage transaction, a reverse mortgage transaction, or a transaction under an open end credit plan, if—".

On page 80, line 12, strike the comma.

On page 88, between lines 6 and 7, insert the following new section:

SEC. 153. REVERSE MORTGAGE DISCLOSURE.

(a) DEFINITION OF REVERSE MORTGAGE.—Section 103 of the Truth in Lending Act (15 U.S.C. 1602) is amended by adding at the end the following new subsection:

"(bb) The term 'reverse mortgage transaction' means a nonrecourse transaction in which a mortgage, deed of trust, or equivalent consensual security interest is created against the consumer's principal dwelling—

"(1) securing one or more advances; and

"(2) with respect to which the payment of any principal, interest, and shared appreciation is due and payable (other than in the case of default) only after—

"(A) the transfer of the dwelling;

"(B) the consumer ceases to occupy the dwelling as a principal dwelling; or

"(C) the death of the consumer.".

(b) DISCLOSURE.—Chapter 2 of title I of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amended by adding at the end the following new section:

"SEC. 138. REVERSE MORTGAGES.

"(a) IN GENERAL.—In addition to the disclosures required under this title, for each reverse mortgage, the creditor shall, not less than 3 days prior to consummation of the transaction, disclose to the consumer in conspicuous type a good faith estimate of the projected total cost of the mortgage to the consumer expressed as a table of annual interest rates. Each annual interest rate shall be based on a projected total future loan balance under a projected appreciation rate for the dwelling and a term for the mortgage. The disclosure shall include—

"(1) statements of the annual interest rates for not less than 3 projected appreciation rates and not less than 3 loan periods, as determined by the Board, including—

"(A) a short-term reverse mortgage;

"(B) a term equaling the actuarial life expectancy of the consumer; and

"(C) such longer term as the Board deems appropriate; and

"(2) a statement that the consumer is not obligated to complete the reverse mortgage transaction merely because the consumer has received the disclosure required under this section or has signed a loan application.

"(b) PROJECTED TOTAL COST.—In determining the projected total cost of the mortgage to be disclosed to the consumer under subsection (a), the creditor shall take into account—

"(1) any shared appreciation that the lender will, by contract, be entitled to receive;

"(2) all costs and charges to the consumer, including the costs of any associated annuity that the consumer elects or is required to purchase as part of the reverse mortgage transaction;

"(3) all payments to and for the benefit of the consumer, including, in the case in which an associated annuity is purchased (whether or not required by the lender as a condition of making the reverse mortgage), the annuity payments received by the consumer and financed from the proceeds of the loan, instead of the proceeds used to finance the annuity; and

"(4) any limitation on the liability of the consumer under reverse mortgage transactions (such as nonrecourse limits and equity conservation agreements).".

(c) TABLE OF SECTIONS.—The table of sections at the beginning of chapter 2 of the Truth in Lending Act is amended by inserting after the item relating to section 137 the following:

"138. Reverse mortgages.".

On page 88, strike line 7 and insert the following:

SEC. 154. REGULATIONS; EFFECTIVE DATE.

On page 89, line 2, strike "(a) DEFINITION.—".

On page 89, line 10, strike "evidencing the indebtedness" and insert "or leases of personal property evidencing the obligation".

On page 89, line 15, insert "or leasing company" after "company".

On page 89, line 18, insert "or leases of personal property" after "notes".

On page 89, line 19, insert "or lessee" after "issuer".

On page 89, line 21, insert "or leases" after "notes".

On page 89, line 24, insert "or a lease of personal property" after "note".

On page 89, line 26, insert "or leases" after "notes".

On page 90, line 1, insert "or leases" after "notes".

On page 90, line 3, insert "or leases" after "notes".

On page 90, strike lines 13 through 18.

On page 95, line 17, strike "**LOANS**" and insert "**OBLIGATIONS**".

On page 95, line 20, insert "or a lease of personal property" before "with".

On page 95, line 25, insert "or lease of personal property" after "loan".

On page 96, line 23, insert "and leases of personal property" after "loans".

On page 97, line 11, insert "or leases of personal property" after "loans".

On page 98, line 6, insert "and leases of personal property" before "with".

On page 98, line 12, insert "and leases of personal property" after "loans".

Beginning with page 100, line 20, strike all through page 102, line 9, and insert the following:

SEC. 210. SENSE OF THE SENATE ON TAXATION OF SMALL BUSINESS LOAN INVESTMENT CONDUITS.

(a) SENSE OF THE SENATE.—It is the sense of the Senate that the taxation of a small business loan investment conduit and the holder of an interest therein should be similar to the taxation of a real estate mortgage investment conduit and the holder of an interest therein under the Internal Revenue Code of 1986, taking into account—

(1) the purpose of facilitating the securitization of small business loans and leases or personal property through the use of small business loan investment conduits and the development of a secondary market in small business loans and leases of personal property;

(2) differences in the nature of qualifying mortgages in a real estate mortgage investment conduit and small business loans and leases of personal property; and

(3) differences in the practices of participants in the securitization of real estate mortgages in a real estate mortgage investment conduit and the securitization of other assets.

(b) SMALL BUSINESS LOAN INVESTMENT CONDUIT DEFINED.—For purposes of this section, the term "small business loan investment conduit" means any entity substantially all of the assets of which consist of an interest in one or more promissory notes as leases of personal property evidencing the obligation (including any participation or certificate of beneficial ownership therein)—

(1) of a business that meets the criteria of a small business concern established under section 3(a) of the Small Business Act; and

(2) that was originated by an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act), credit union, insurance company, or similar institution which is supervised and examined by a Federal or State authority, or a finance company or leasing company.

On page 106, strike lines 22 and 23, and insert the following:

(11) the term 'State' means—

(A) a State of the United States;

(B) the District of Columbia;

(C) any political subdivision of a State of the United States, which subdivision has a population in excess of the population of the least populated State of the United States; and

(D) any other political subdivision of a State of the United States that the Secretary determines has the capacity to participate in the program.

On page 111, lines 12 and 13, strike "subject to the control" and insert "the exclusive property".

On page 111, beginning on line 13, strike "Notwithstanding" and all that follows through the period on line 18.

On page 112, strike lines 15 and 16 and insert "tion agreement, provide authority for the participating State".

On page 112, line 18, strike "; and" and insert a period.

Beginning with page 112, line 19, strike all that follows through page 113, line 2.

On page 122, lines 13 and 14, strike "(1) WITHDRAWALS BASED ON OUTSTANDING BALANCE.—".

Beginning with page 122, line 24, strike all through page 123, line 8.

On page 123, between lines 8 and 9, insert the following:

(s) GRANDFATHERED PROVISION.—

(1) SPECIAL TREATMENT OF PREMIUM CHARGES.—Notwithstanding subsection (b) or (d), the participation agreement, if explicitly authorized by a statute enacted by the State before the date of enactment of this Act, may allow a participating financial institution to treat the premium charges paid by the participating financial institution and the borrower into the reserve fund, and interest or income earned on funds in the reserve fund that are deemed to be attributable to such premium charges, as assets of the participating financial institution for accounting purposes, subject to withdrawal by the participating financial institution only—

(A) for the payment of claims approved by the participating State in accordance with this section; and

(B) upon the participating financial institution's withdrawal from authority to make new loans under the Program.

(2) PAYMENT OF POST-WITHDRAWAL CLAIMS.—After any withdrawal of assets from the reserve fund pursuant to paragraph (1)(B), any future claims filed by the participating financial institution on loans remaining in its capital access program portfolio shall only be paid from funds remaining in the reserve fund to the extent that, in the aggregate, such claims exceed the sum of the amount of such withdrawn assets, and interest on that amount, imputed at the same rate as income would have accrued had the amount not been withdrawn.

(3) CONDITIONS FOR TERMINATING SPECIAL AUTHORITY.—If the Secretary determines that the inclusion in a participation agreement of the provisions authorized by this subsection is resulting in the enrollment of loans under the Program that are likely to have been made without assistance provided under this subtitle, the Secretary may notify the participating State that henceforth, the Secretary will only make reimbursements to the State under section 257 with respect to a loan if the participation agreement between the participating State and each participating financial institution has been amended to conform with this section, without exercise of the special authority granted by this subsection.

Beginning with page 139, line 21, strike all through page 140, line 10, and insert the following:

"(C)(i) has total assets, as of the beginning of such fiscal year, of more than $9,000,000,000;

"(ii) has a CAMEL composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating by any such agency under a comparable rating system) as of the most recent examination of such institution by the Corporation or the appropriate Federal banking agency; and

"(iii) is well capitalized, as defined in section 38, and well managed.

Notwithstanding paragraph (2)(C), in the case of an insured depository institution that the Corporation determines to be a large institution, the audit committee of the holding company of such an institution shall not include any large customers of the institution.".

On page 143, line 11, strike "of" and insert "such agreement was not executed contemporaneously with the acquisition of the collateral or with any".

On page 143, strike lines 14 through 20, and insert the following:

(a) IN GENERAL.—Section 39(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831p-1(b)), as added by section 132(a) of the Federal Deposit Insurance Corporation Improvements Act of 1991) is amended to read as follows:

"(b) ASSET QUALITY, EARNINGS, AND STOCK VALUATION STANDARDS.—Each appropriate Federal banking agency shall, for all insured depository institutions and depository institution holding companies, prescribe standards relating to asset quality, earnings, and stock valuation that the agency determines to be appropriate.".

(b) ESTABLISHING STANDARDS IN GUIDELINES.—Section 39(d) of the Federal Deposit Insurance Act (12 U.S.C. 1831p-1(d)) is amended—

(1) in the subsection heading, by striking "BY REGULATION"; and

(2) in paragraph (1)—

(A) in the first sentence, by inserting "or guideline" before the period; and

(B) in the second sentence, by inserting "or guidelines" after "Such regulations".

On page 143, line 21, strike "(b)" and insert "(c)".

On page 143, line 22, strike "section (a)" and insert "sections (a) and (b)".

On page 147, strike lines 15 through 17 and insert the following:

(B) by striking "services for other depository institutions and their officers, directors and employees" and inserting the following: "services to or for other depository institutions and the officers, directors, and employees of such institutions, and in providing correspondent banking services at the request of other depository institutions (also referred to as a 'banker's bank')".

On page 148, strike lines 1 through 3 and insert the following:

(B) by striking "services for other depository institutions and their officers, directors and employees" and inserting the following: "services to or for other depository institutions and the officers, directors, and employees of such institutions, and in providing correspondent banking services at the request of other depository institutions (also referred to as a 'banker's bank')".

On page 149, between lines 2 and 3, insert the following:

(d) LENDING LIMIT FOR LOANS SECURED BY SECURITIES.—Section 11(m) of the Federal Reserve Act (12 U.S.C. 248(m)) is amended by striking "10 percentum" each place such term appears and inserting "15 percent".

On page 154, strike line 6, and insert the following: "and the Comptroller of the Currency may jointly prescribe such regulations as they deem necessary to im-".

On page 160, between lines 6 and 7, insert the following:

SEC. 334. EXEMPTION FOR BUSINESS ACCOUNTS.

Section 274(1) of the Truth in Savings Act (12 U.S.C. 4313(1)) is amended to read as follows:

"(1) ACCOUNT.—The term 'account' means any account intended for use by and generally used by consumers primarily for personal, family, or household purposes that is offered by a depository institution into which a consumer deposits funds, including demand accounts, time accounts, negotiable order of withdrawal accounts, and share draft accounts.".

SEC. 335. BOARD DISCRETION REGARDING CHECK-RELATED FRAUD.

Section 604(e) of the Expedited Funds Availability Act (12 U.S.C. 4003(e)) is amended by adding at the end the following new paragraph:

"(4) PREVENTION OF CHECK-RELATED LOSSES.—

"(A) IN GENERAL.—The Board may, by regulation or order, extend the 1-business-day period specified in section 603(b)(1), regarding availability of funds deposited by local checks, to 2 business days if the Board determines that—

"(i) there is a pattern of significant increases in check-related losses at depository institutions attributable to the provisions of this title; and

"(ii) such action is necessary to diminish the volume of such check-related losses.

"(B) LIMITATION ON OTHER AUTHORITY.—The authority of the Board under paragraph (1) shall not apply to the applicability of section 603(b)(1) or the time period specified therein.".

SEC. 336. CIVIL LIABILITY UNDER TRUTH IN SAVINGS.

Section 271(a)(2)(A) of the Truth in Savings Act (12 U.S.C. 4310(a)(2)(A)) is amended by inserting "(other than an action based on a violation of section 263)" after "individual action".

SEC. 337. ELIMINATION OF PRIOR APPROVAL REQUIREMENT FOR CERTAIN LOANS UNDER THE FEDERAL RESERVE ACT.

Section 22(g)(2) of the Federal Reserve Act (12 U.S.C. 375a(2)) is amended by striking "With the specific prior approval of its board of directors, a member" and inserting "A member".

SEC. 338. REVISIONS OF STANDARDS.

Section 305(b)(1) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1828 note) is amended—

(1) in subparagraph (A), by striking "and" at the end;

(2) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(C) take into account the size and activities of the institutions and do not cause undue reporting burdens.".

SEC. 339. ALTERNATIVE RULES FOR RADIO ADVERTISING OF CONSUMER LEASES.

Section 184 of the Truth in Lending Act (15 U.S.C. 1667c) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

"(b) RADIO ADVERTISEMENTS.—

"(1) IN GENERAL.—An advertisement by radio broadcast to aid, promote, or assist, directly or indirectly, any consumer lease shall be deemed to be in compliance with the requirements of subsection (a) if such advertisement clearly and conspicuously—

"(A) states the information required by paragraphs (1) and (2) of subsection (a);

"(B) states the number, amounts, due dates, or periods of scheduled payments, and the total of such payments under the lease; and

"(C) includes—

"(i) a referral to—

"(I) a toll-free telephone number established in accordance with paragraph (2) that may be used by consumers to obtain the information required under subsection (a); or

"(II) a written advertisement that—

"(aa) appears in a publication in general circulation in the community served by the radio station on which such advertisement is broadcast during the period beginning 3 days before any such broadcast and ending 10 days after such broadcast; and

"(bb) includes the information required to be disclosed under subsection (a); and

"(ii) the name and dates of any publication referred to in clause (i)(II); and

"(D) includes any other information which the Board determines necessary to carry out this chapter.

"(2) ESTABLISHMENT OF TOLL-FREE NUMBER.—

"(A) IN GENERAL.—In the case of a radio broadcast advertisement described in paragraph (1) that includes a referral to a toll-free telephone number, the lessor who offers the consumer lease shall—

"(i) establish such a toll-free telephone number not later than the date on which the advertisement including the referral is broadcast;

"(ii) maintain such telephone number for not less than 10 days, beginning on the date of any such broadcast; and

"(iii) provide the information required under subsection (a) with respect to the lease to any person who calls such number.

"(B) FORM OF INFORMATION.—The information required to be provided under subparagraph (A)(iii) shall be provided orally or, if requested by the consumer, in written form.

"(3) NO EFFECT ON OTHER LAW.—Nothing in this subsection shall affect the requirements of Federal law as such requirements apply to advertisement by any other medium.".

SEC. 340. DEPOSIT BROKER REGISTRATION.

Section 29(g)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1831f(g)(3)) is amended—

(1) by inserting "that is not well capitalized" after "includes any insured depository institution";

(2) by striking "of any insured depository" and inserting "of such";

(3) by striking "(with respect to such deposits)"; and

(4) by striking "having the same type of charter".

SEC. 341. EXTENSION OF MANAGEMENT INTERLOCKS GRANDFATHER CLAUSE.

Subsections (a) and (b) of section 206 of the Depository Institution Management Interlocks Act (12 U.S.C. 3205) are each amended by striking "15 years" and inserting "20 years".

Amend the table of contents accordingly.

AMENDMENT NO. 1524

On page 78, line 23, strike "The term 'high cost mortgage' means" and insert "A mortgage referred to in this subsection means".

On page 78, line 25, insert ", a reverse mortgage transaction," before "or a".

On page 79, line 22, insert "and" after the semicolon.

On page 79, strike lines 23 through 25.

On page 80, line 1, strike "(D) and insert "(C)".

On page 80, line 14, strike "for high cost mortgages".

On page 80, line 19, strike "high cost mortgages" and insert "mortgages referred to in subsection (aa)".

On page 80, beginning on line 20, strike "high cost" and insert "such".

On page 81, line 3, strike "**HIGH COST**" and insert "**CERTAIN**".

On page 81, line 7, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 82, line 22, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 83, beginning on line 1, strike "the high cost mortgage" and insert "a mortgage referred to in section 103(aa)".

On page 79, line 25, strike "and"

On page 80 line 8, strike "." and insert "; and (E) such other changes as the Board determines to be appropriate."

On page 83, line 5, strike "high cost" and insert "such".

On page 83, strike lines 14 through 19.

On page 83, line 20, strike "(4) EXCEPTION.—A high cost mortgage" and insert "(3) EXCEPTION.—A mortgage referred to in section 103(aa)".

On page 83, line 24, strike "90 days" and insert "1 year".

On page 84, line 1, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa) having a term of less than 5 years".

On page 84, beginning on line 5, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 84, line 10, strike "high cost mortgage" and insert "mortgage referred to in section 103(aa)".

On page 84, line 16, strike "high cost mortgage loan" and insert "mortgage".

On page 85, strike lines 11 through 15, and insert the following:

"(2) PROHIBITIONS.—The Board, by regulation or order, shall prohibit acts or practices in connection with—

"(A) mortgage loans that the Board finds to be unfair, deceptive, or designed to evade the provisions of this section; and

"(B) refinancing of mortgage loans that the Board finds to be associated with abusive lending practices, or that are otherwise not in the interest of the borrower.".

On page 85, strike the item immediately following line 20, and insert the following:

"129. Requirements for certain mortgages.".

On page 85, beginning on line 24, strike "high cost mortgage, as defined" and insert "mortgage referred to".

Beginning on page 87, line 14, strike all through page 88, line 6, and insert the following:

"(d) RIGHTS UPON ASSIGNMENT OF CERTAIN MORTGAGES—

"(1) IN GENERAL.—Any person who purchases or is otherwise assigned a mortgage referred to in section 103(aa) shall be subject to all claims and defenses with respect to that mortgage that the consumer could assert against the creditor of the mortgage, unless the purchaser or assignee demonstrates, by a preponderance of the evidence, that a reasonable person exercising ordinary due diligence, could not determine, based on the loan documentation required by this title, that the mortgage was in fact a mortgage referred to in section 103(aa). The preceding sentence does not affect a consumer's rights under sections 125, 130, or any other provision of this title.

"(2) LIMITATION ON DAMAGES.—Notwithstanding any other provision of law, relief provided as a result of any action made permissible by paragraph (1) may not exceed—

"(A) with respect to actions based upon a violation of this title, the amount specified in section 130; and

"(B) with respect to all other causes of action, the sum of—

"(i) the amount of all remaining indebtedness; and

"(ii) the total amount paid by the consumer in connection with the transaction.

"(3) OFFSET.—The amount of damages that may be awarded under paragraph (2)(B) shall be reduced by the amount of any damages awarded under paragraph (2)(A).

"(4) NOTICE.—Any person who sells or otherwise assigns a mortgage referred to in section 103(aa) shall include a prominent notice of the potential liability under this subsection as determined by the Board.".

On page 88, line 13, strike "high cost".

On page 88, line 14, strike "(as defined" and insert "referred to".

On page 88, line 15, strike "Act, as" and insert "Act (as".

AMENDMENT NO. 1525

On page 160, between lines 6 and 7, insert the following new title:

TITLE IV—FAIR TRADE IN FINANCIAL SERVICES

SEC. 401. SHORT TITLE.

This title may be cited as the "Fair Trade in Financial Services Act of 1994".

SEC. 402. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR BANKING ORGANIZATIONS.

The International Banking Act of 1978 (12 U.S.C. 3101 et seq.) is amended by adding at the end the following new section:

"SEC. 18. NATIONAL TREATMENT.

"(a) PURPOSE.—The purpose of this section is to encourage foreign countries to accord national treatment to United States banking organizations that operate or seek to operate in those countries.

"(b) IDENTIFYING COUNTRIES THAT DENY NATIONAL TREATMENT TO UNITED STATES BANKS OR BANK HOLDING COMPANIES.—The Secretary shall identify the extent to which foreign countries deny national treatment to United States banking organizations—

"(1) according to the most recent report under section 3602 of the Omnibus Trade and Competitiveness Act of 1988 (or update thereof); or

"(2) based on more recent information that the Secretary deems appropriate.

"(c) DETERMINING WHETHER DENIAL OF NATIONAL TREATMENT HAS SIGNIFICANT ADVERSE EFFECT.—

"(1) IN GENERAL.—The Secretary shall determine whether the denial of national treatment to United States banking organizations by a foreign country identified under subsection (b) has a significant adverse effect on such organizations.

"(2) FACTORS TO BE CONSIDERED.—In determining whether and to what extent a foreign country denies national treatment to United States banking organizations, and in determining the effect of any such denial on such banking organizations, the Secretary shall consider appropriate factors, including—

"(A) the size of the foreign country's markets for the financial services involved, and the extent to which United States banking organizations operate or seek to operate in those markets;

"(B) the extent to which United States banking organizations may participate in developing regulations, guidelines, or other policies regarding new products, services, and markets in the foreign country;

"(C) the extent to which the foreign country issues written regulations, guidelines, or other policies applicable to United States banking organizations operating or seeking to operate in the foreign country that are—

"(i) prescribed after adequate notice and opportunity for comment;

"(ii) readily available to the public; and

"(iii) prescribed in accordance with objective standards that effectively prevent arbitrary and capricious determinations;

"(D) the extent to which United States banking organizations may offer foreign exchange services in the foreign country; and

"(E) the effects of the regulatory policies of the foreign country on—

"(i) the lending policies of the central bank of that country;

"(ii) capital requirements applicable in that country;

"(iii) the regulation of deposit interest rates by that country;

"(iv) restrictions on the operation and establishment of branches in that country; and

"(v) restrictions on access to automated teller machine networks in that country.

"(d) PUBLICATION OF DETERMINATION.—

"(1) IN GENERAL.—If the Secretary determines under subsection (c) that the denial of

national treatment to United States banking organizations by a foreign country has a significant adverse effect on such organizations, the Secretary—

"(A) may, after initiating negotiations in accordance with subsection (g), and after consultation in accordance with subsection (i), publish that determination in the Federal Register;

"(B) shall, not less frequently than annually, in consultation with any department or agency that the Secretary deems appropriate, review each such determination to determine whether it should be rescinded; and

"(C) shall inform State bank supervisors of the publication of that determination.

"(2) EXCEPTION FOR COUNTRIES THAT ARE PARTIES TO CERTAIN AGREEMENTS GOVERNING FINANCIAL SERVICES.—Paragraph (1) shall not apply to a foreign country to the extent that a determination under that paragraph with respect to the foreign country would permit action to be taken under this section that would be inconsistent with a bilateral or multilateral agreement that governs financial services that—

"(A) the President entered into with that country; and

"(B) the Senate and the House of Representatives approved;

before the date of enactment of this section.

"(e) SANCTIONS.—

"(1) ACTION BY SECRETARY OF TREASURY.—

"(A) IN GENERAL.—The Secretary may, after consultation in accordance with subsection (i), recommend to the appropriate Federal banking agency that such agency deny or suspend consideration of a request for authorization filed after the date of publication of a determination under subsection (d)(1) by a person of a foreign country listed in such publication if the Secretary determines that—

"(i) such action would assist the United States in negotiations to eliminate discrimination against United States banking organizations;

"(ii) negotiations undertaken pursuant to subsection (g) are not likely to result in an agreement that eliminates the denial of national treatment; or

"(iii) the country has not adequately adhered to an agreement reached as a result of negotiations undertaken pursuant to subsection (g).

"(B) EXERCISE OF AUTHORITY.—The authority of subparagraph (A) shall be exercised according to the specific direction (if any) of the President.

"(C) COMPLIANCE EXCEPTIONS.—The appropriate Federal banking agency shall comply with the recommendation of the Secretary made under subparagraph (A), unless the agency determines, in writing, and transmits such determination to the Secretary and to the Congress, that such recommendation—

"(i) would likely result in a serious impairment to the safe and sound operation of the United States banking system; or

"(ii) would compromise the ability of a Federal banking agency to resolve a failing or failed financial institution because a foreign banking institution otherwise barred by an action under subparagraph (A) represents the only bona fide reasonable offer available to the Federal banking agency.

"(2) NO AFFECT ON CERTAIN AGREEMENTS.—The exercise of authority under this subsection does not affect any obligation of the United States to pursue dispute resolution procedures pursuant to any international agreement governing financial services, approved by the House of Representatives and the Senate, with respect to a dispute arising out of any obligation under that agreement.

"(f) EXEMPTIONS FROM SANCTIONS.—

"(1) IN GENERAL.—Subsection (e) does not apply to the subsidiaries in the United States of a person of a foreign country if the Secretary determines that the banking laws and regulations of the foreign country, as actually applied, meet or exceed—

"(A) the standards for treatment of subsidiaries of United States banking organizations contained in the Second Banking Directive, and in any amendment to the Second Banking Directive, if the Secretary determines that such amendment—

"(i) does not restrict any operation, activity, or authority to expand any operation or activity, permitted under those standards, of any subsidiary in the foreign country of any such bank or bank holding company; or

"(ii) is in accordance with national treatment of subsidiaries of such banking organizations; or

"(B) any set of standards that, taken as a whole, is no less favorable to United States banking organizations than the standards referred to in subparagraph (A).

"(2) STANDARDS FOR EXERCISE OF DISCRETION.—In exercising any discretion under this subsection, the Secretary shall consider, with respect to a bank, foreign bank, branch, agency, commercial lending company, or other affiliated entity that is a person of a foreign country and that is operating in the United States—

"(A) the extent to which the foreign country is progressing toward according national treatment to United States banking organizations; and

"(B) whether the foreign country permits United States banking organizations to expand their activities in that country, even if that country determined that the United States did not accord national treatment to the banking organizations of that country.

"(g) NEGOTIATIONS.—

"(1) IN GENERAL.—The Secretary—

"(A) shall initiate negotiations with any foreign country with respect to which a determination made under subsection (c)(1) is in effect; and

"(B) may initiate negotiations with any foreign country which denies national treatment to United States banking organizations to ensure that the foreign country accords national treatment to such organizations.

"(2) EXCEPTIONS.—Paragraph (1) does not require the Secretary to initiate negotiations with a foreign country if the Secretary—

"(A) determines that the negotiations—

"(i) would be so unlikely to result in progress toward according national treatment to United States banking organizations as to be a waste of effort; or

"(ii) would impair the economic interests of the United States; and

"(B) gives written notice of that determination to the chairperson and the ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

"(h) REPORT.—

"(1) CONTENTS OF REPORT.—Not later than December 1, 1994, and biennially thereafter, the Secretary shall submit to the Congress a report that—

"(A) specifies the foreign countries identified under subsection (b);

"(B) if a determination is published under subsection (d)(1) with respect to the foreign country, provides the reasons therefor;

"(C) if the Secretary has not made or has rescinded such a determination with respect to the foreign country, provides the reasons therefor;

"(D) describes the results of any negotiations conducted under subsection (g)(1) with the foreign country; and

"(E) discusses the effectiveness of this section in achieving the purpose of this section.

"(2) SUBMISSION OF REPORT.—The report required by paragraph (1) may be submitted as part of a report or update submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988.

"(i) CONSULTATION.—Consultation in accordance with this subsection means consultation with the Secretary of State, the Secretary of Commerce, the United States Trade Representative, and the appropriate Federal banking agency.

"(j) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

"(1) APPROPRIATE FEDERAL BANKING AGENCY.—The term 'appropriate Federal banking agency'—

"(A) in the case of a noninsured State bank or branch and a representative office of a foreign bank, means the Board of Governors of the Federal Reserve System; and

"(B) in any other case, has the same meaning as in section 3 of the Federal Deposit Insurance Act.

"(2) BANKING ORGANIZATION.—The term 'banking organization' means—

"(A) a depository institution, as defined in section 3 of the Federal Deposit Insurance Act, including a branch or subsidiary thereof;

"(B) a bank holding company, as defined in section 2 of the Bank Holding Company Act of 1956;

"(C) any company required to file information pursuant to section 4(f)(6) of the Bank Holding Company Act of 1956;

"(D) a savings and loan holding company, as defined in section 10(a)(1)(D) of the Home Owners' Loan Act; and

"(E) any nonbank financial entity, the primary purpose of which is to provide credit or financing, regardless of whether such entity accepts deposits.

"(3) NATIONAL TREATMENT.—A foreign country accords 'national treatment' to United States banking organizations if it offers them the same competitive opportunities (including effective market access) as are available to its domestic banking organizations in like circumstances.

"(4) PERSON OF A FOREIGN COUNTRY.—The term 'person of a foreign country' means—

"(A) a person organized under the laws of the foreign country;

"(B) a person that has its principal place of business in the foreign country;

"(C) an individual who is—

"(i) a citizen of the foreign country, or

"(ii) domiciled in the foreign country; and

"(D) a person that is directly or indirectly controlled by a person or persons described in subparagraph (A) or (B), or by an individual or individuals described in subparagraph (C).

"(5) REQUEST FOR AUTHORIZATION.—The term 'request for authorization'—

"(A) means an application, registration, notice, or other request to commence a financial service or establish a financial services office that is required under title LXII of the Revised Statutes, the International Banking Act of 1978, the Federal Reserve Act, the Home Owners' Loan Act, or the Bank Holding Company Act of 1956; and

"(B) does not include any such request by a company described in section 2(h)(2) of the Bank Holding Company Act of 1956.

"(6) SECOND BANKING DIRECTIVE.—The term 'Second Banking Directive' means the Second Council Directive of December 15, 1989, on the Coordination of Laws, Regulations, and Administrative Provisions Relating to the Taking Up and Pursuit of the Business of Credit Institutions and Amending Directive 77/780/EEC (89/646/EEC).

"(7) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.".

SEC. 403. EFFECTUATING THE PRINCIPLE OF NATIONAL TREATMENT FOR SECURITIES ORGANIZATIONS.

(a) PURPOSE.—The purpose of this section is to encourage foreign countries to accord national treatment to United States securities organizations that operate or seek to operate in those countries.

(b) IDENTIFYING COUNTRIES THAT DENY NATIONAL TREATMENT TO UNITED STATES SECURITIES ORGANIZATIONS.—The Secretary shall identify whether and to what extent foreign countries deny national treatment to United States securities organizations—

(1) according to the most recent report under section 3602 of the Omnibus Trade and Competitiveness Act of 1988 (or update thereof); or

(2) based upon more recent information that the Secretary deems appropriate.

(c) DETERMINING WHETHER DENIAL OF NATIONAL TREATMENT HAS SIGNIFICANT ADVERSE EFFECT.—The Secretary shall determine whether the denial of national treatment to United States securities organizations by a foreign country identified under subsection (b) has a significant adverse effect on such organizations.

(d) PUBLICATION OF DETERMINATION.—

(1) IN GENERAL.—If the Secretary determines under subsection (c) that the denial of national treatment to United States securities organizations by a foreign country has a significant adverse effect on such organizations, the Secretary—

(A) may, after initiating negotiations in accordance with subsection (f), and after consultation in accordance with subsection (h), publish that determination in the Federal Register; and

(B) shall, not less frequently than annually, in consultation with any department or agency that the Secretary deems appropriate, review each such determination to determine whether it should be rescinded.

(2) EXCEPTION FOR COUNTRIES THAT ARE PARTIES TO CERTAIN AGREEMENTS GOVERNING FINANCIAL SERVICES.—Paragraph (1) shall not apply to a foreign country to the extent that a determination under that paragraph with respect to the foreign country would permit action to be taken under this section that would be inconsistent with a bilateral or multilateral agreement that governs financial services that the President entered into with that country and the Senate and the House of Representatives approved before the date of enactment of this section.

(e) SANCTIONS.—

(1) ACTION BY SECRETARY OF TREASURY.—

(A) IN GENERAL.—The Secretary may, after consultation in accordance with subsection (h), recommend to the Commission that the Commission deny or suspend consideration of a request for authorization filed after the date of publication of a determination under subsection (d)(1) by a person of a foreign country listed in such publication if the Secretary determines that—

(i) such action would assist the United States in negotiations to eliminate discrimination against United States securities organizations;

(ii) negotiations undertaken pursuant to subsection (f) are not likely to result in an agreement that eliminates the denial of national treatment; or

(iii) the country has not adequately adhered to an agreement reached as a result of negotiations undertaken pursuant to subsection (f).

(B) EXERCISE OF AUTHORITY.—The authority of subparagraph (A) shall be exercised according to the specific direction (if any) of the President.

(C) COMMISSION ACTION.—The Commission shall deny or suspend consideration of a request for authorization in accordance with the recommendation of the Secretary made under subparagraph (A), unless such recommendation would likely result in a serious adverse impact on—

(i) the maintenance of fair and orderly securities markets; or

(ii) the protection of investors.

(D) AUTHORITY UPON DENIAL OF AUTHORIZATION.—

(i) IN GENERAL.—In connection with the denial of a request for authorization under subparagraph (A), the Commission may order—

(I) disposition of any controlling interest referred to in subsection (i)(9)(B)(i);

(II) closure of any office referred to in subsection (i)(9)(B)(ii); or

(III) termination of any advisory relationship referred to in subparagraphs (C) and (D) of subsection (i)(9).

(ii) PENALTY FOR NONCOMPLIANCE.—The Commission may revoke the underlying registration under Federal securities laws of any person who fails to comply with an order issued under clause (i).

(2) NOTICE REQUIRED TO FILE REQUESTS FOR AUTHORIZATION.—

(A) IN GENERAL.—If a determination is published under subsection (d)(1) with respect to a foreign country, no person of that foreign country may file a request for authorization unless such person files notice of such request simultaneously with the Commission and the Secretary, not less than 90 days in advance of the action that is the subject of the request, in such form and containing such information as the Commission may prescribe by rule.

(B) NOTIFYING SECRETARY.—The Commission shall promptly notify the Secretary of any notice received under subparagraph (A).

(C) EXTENDING 90-DAY PERIOD.—The Commission may, by order, extend for an additional 180 days the period during which the Commission may consider a notice received under subparagraph (A).

(3) STANDARDS FOR EXERCISE OF DISCRETION.—In exercising any discretion under this subsection, the Secretary shall consider, with respect to a securities organization that is controlled, directly or indirectly, by a person of a foreign country—

(A) the extent to which the foreign country is progressing toward according national treatment to United States securities organizations; and

(B) whether the foreign country permits United States securities organizations to expand their activities in that country, even if that country determined that the United States did not accord national treatment to securities organizations of that country.

(f) NEGOTIATIONS.—

(1) IN GENERAL.—The Secretary—

(A) shall initiate negotiations with any foreign country with respect to which a determination under subsection (c)(1) is in effect; and

(B) may initiate negotiations with any foreign country which denies national treatment to United States securities organizations to ensure that the foreign country accords national treatment to such organizations.

(2) EXCEPTIONS.—Paragraph (1) does not require the Secretary to initiate negotiations with a foreign country if the Secretary—

(A) determines that the negotiations—

(i) would be so unlikely to result in progress toward according national treatment to United States securities organizations as to be a waste of effort; or

(ii) would impair the economic interests of the United States; and

(B) gives written notice of that determination to the chairperson and the ranking minority member of the Committee on Banking, Housing, and Urban Affairs of the Senate and of the Committee of Energy and Commerce of the House of Representatives.

(g) REPORT.—

(1) CONTENTS OF REPORT.—Not later than December 1, 1994, and biennially thereafter, the Secretary shall submit to the Congress a report that—

(A) specifies the foreign countries identified under subsection (b);

(B) if a determination is published under subsection (d)(1) with respect to the foreign country, provides the reasons therefor;

(C) if the Secretary has not made, or has rescinded, a determination under subsection (d)(1) with respect to the foreign country, provides the reasons therefor;

(D) describes the results of any negotiations conducted under subsection (f)(1) with the foreign country; and

(E) discusses the effectiveness of this section in achieving the purpose of this section.

(2) SUBMISSION OF REPORT.—The report required by paragraph (1) may be submitted as part of a report or update submitted under section 3602 of the Omnibus Trade and Competitiveness Act of 1988.

(h) CONSULTATION.—Consultation in accordance with this subsection means consultation with the Secretary of State, the Secretary of Commerce, the United States Trade Representative, and the Commission.

(i) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) BROKER.—The term "broker" has the same meaning as in section 3(a)(4) of the Securities Exchange Act of 1934.

(2) COMMISSION.—The term "Commission" means the Securities and Exchange Commission.

(3) CONTROL.—The terms "directly or indirectly controlled by" and "controlled, directly or indirectly" shall have the meanings given to such terms in rules or regulations issued by the Secretary of the Treasury, not later than 6 months after the date of enactment of this Act, after consultation with the Commission.

(4) DEALER.—The term "dealer" has the same meaning as in section 3(a)(5) of the Securities Exchange Act of 1934.

(5) INVESTMENT ADVISER.—The term "investment adviser" has the same meaning as in section 202(a)(11) of the Investment Advisers Act of 1940.

(6) INVESTMENT COMPANY.—The term "investment company" has the same meaning as in section 3 of the Investment Company Act of 1940.

(7) NATIONAL TREATMENT.—A foreign country accords "national treatment" to United States securities organizations if it offers them the same competitive opportunities (including effective market access) as are available to its domestic securities organizations in like circumstances.

(8) PERSON OF A FOREIGN COUNTRY.—The term "person of a foreign country" means—

(A) a person organized under the laws of the foreign country;

(B) a person that has its principal place of business in the foreign country;

(C) an individual who is—

(i) a citizen of the foreign country; or

(ii) domiciled in the foreign country;

(D) a person that is directly or indirectly controlled by one or more persons described in subparagraph (A), (B), or (C); and

(E) an investment company, an investment adviser of which is a person described in any of subparagraphs (A) through (D).

(9) REQUEST FOR AUTHORIZATION.—The term "request for authorization" means—

(A) an application to register under section 15(b), 15B, or 15C of the Securities Exchange Act of 1934, or section 203(c) of the Investment Advisers Act of 1940, including an application to succeed to the business of a registered entity;

(B) an amendment to a registration statement referred to in subparagraph (A) that reflects—

(i) the acquisition of control of the registered entity; or

(ii) the addition of a United States office by the registered entity;

(C) a registration statement filed by an investment company under section 8(b) of the Investment Company Act of 1940, if a person of a foreign country will serve as an investment adviser to the investment company; and

(D) an amendment to an investment company registration statement filed under section 8(b) of the Investment Company Act of 1940 that reflects the retention of a person of a foreign country as an investment adviser.

(10) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(11) SECURITIES ORGANIZATION.—The term "securities organization" means a broker, a dealer, an investment company, or an investment adviser.

SEC. 404. FINANCIAL INTERDEPENDENCE STUDY.

Subtitle G of title III of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5351 et seq.) is amended by adding at the end the following new section:

"SEC. 3605. FINANCIAL INTERDEPENDENCE STUDY.

"(a) INVESTIGATION REQUIRED.—The Secretary, in consultation and coordination with the Securities and Exchange Commission, the Federal banking agencies, and any other appropriate Federal department or agency designated by the Secretary, shall conduct an investigation to determine—

"(1) the extent of the interdependence of the financial services sectors of the United States and foreign countries—

"(A) whose financial services institutions provide financial services in the United States; or

"(B) whose persons have substantial ownership interests in United States financial services institutions; and

"(2) the economic, strategic, and other consequences of that interdependence for the United States.

"(b) REPORT.—

"(1) REPORT REQUIRED.—Not later than 3 years after the date of enactment of this section, the Secretary shall submit a report on the results of the investigation under subsection (a) to the President, the Congress, the Securities and Exchange Commission, the Federal banking agencies, and any other appropriate Federal agency or department, as designated by the Secretary.

"(2) CONTENTS OF REPORT.—The report required under paragraph (1) shall—

"(A) describe the activities and estimate the scope of financial services activities conducted by United States financial services institutions in foreign markets (differentiated according to major foreign markets);

"(B) describe the activities and estimate the scope of financial services activities conducted by foreign financial services institutions in the United States (differentiated according to the most significant home countries or groups of home countries);

"(C) estimate the number of jobs created in the United States by financial services activities conducted by foreign financial services institutions and the number of jobs created in foreign countries by financial service activities conducted by United States financial services institutions;

"(D) estimate the additional jobs and revenues (both foreign and domestic) that would be created by the activities of United States financial services institutions in foreign countries if those countries offered such institutions the same competitive opportunities (including effective market access) as are available to the domestic financial services institutions of those countries;

"(E) describe the extent to which foreign financial services institutions discriminate against United States persons in procurement, employment, the provision of credit or other financial services, or otherwise;

"(F) describe the extent to which foreign financial services institutions and other persons from foreign countries purchase or otherwise facilitate the marketing from the United States of government and private debt instruments and private equity instruments;

"(G) describe how the interdependence of the financial services sectors of the United States and foreign countries affects the autonomy and effectiveness of United States monetary policy;

"(H) describe the extent to which United States companies rely on financing by or through foreign financial services institutions and the consequences of such reliance (including disclosure of proprietary information) for the industrial competitiveness and national security of the United States;

"(I) describe the extent to which foreign financial services institutions, in purchasing high technology products such as computers and telecommunications equipment, favor manufacturers from their home countries over United States manufacturers; and

"(J) contain other appropriate information relating to the results of the investigation required by subsection (a).

"(c) DEFINITIONS.—For purposes of this section the following definitions shall apply:

"(1) DEPOSITORY INSTITUTION AND DEPOSITORY INSTITUTION HOLDING COMPANY.—The terms 'depository institution' and 'depository institution holding company' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

"(2) FEDERAL BANKING AGENCIES.—The term 'Federal banking agencies' has the same meaning as in section 3 of the Federal Deposit Insurance Act.

"(3) FINANCIAL SERVICES INSTITUTION.—The term 'financial services institution' means—

"(A) a broker, dealer, underwriter, clearing agency, transfer agent, or information processor with respect to securities, including government and municipal securities;

"(B) an investment company, investment manager, investment adviser, indenture trustee, or any depository institution, insurance company, or other organization operating as a fiduciary, trustee, underwriter, or other financial services provider;

"(C) any depository institution or depository institution holding company; and

"(D) any other entity providing financial services.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.".

SEC. 405. CONFORMING AMENDMENTS.

(a) REPORTS ON FOREIGN TREATMENT OF UNITED STATES FINANCIAL INSTITUTIONS.—Section 3602 of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5352) is amended—

(1) in the first sentence, by inserting "with updates on significant developments every 2 years following submission of the 1994 report," before "the Secretary of the Treasury"; and

(2) by adding at the end the following: "For purposes of this section, a foreign country denies national treatment to United States entities unless the foreign country offers such entities the same competitive opportunities (including effective market access) as are available to the domestic entities of the foreign country.".

(b) NEGOTIATIONS TO PROMOTE FAIR TRADE IN FINANCIAL SERVICES.—Section 3603(a)(1) of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5353(a)(1)) is amended by inserting "effective" before "access".

(c) PRIMARY DEALERS IN GOVERNMENT DEBT INSTRUMENTS.—Section 3502(b)(1) of the Omnibus Trade and Competitiveness Act of 1988 (22 U.S.C. 5342(b)(1)) is amended—

(1) by striking "does not accord to" and inserting "does not offer"; and

(2) by striking "as such country accords to" and inserting "(including effective market access) as are available to".

(d) CONFORMING AMENDMENTS TO THE SECURITIES EXCHANGE ACT OF 1934.—

(1) SECTION 15.—Section 15(b)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)(1)) is amended by adding at the end the following: "The Commission may suspend consideration, deny registration, issue an order, or revoke registration, as provided in section 403(e)(1) of the Fair Trade in Financial Services Act of 1994.".

(2) SECTION 15B.—Section 15B(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4(a)(2)) is amended by adding at the end the following: "The Commission may suspend consideration, deny registration, issue an order, or revoke registration, as provided in section 403(e)(1) of the Fair Trade in Financial Services Act of 1994.".

(3) SECTION 15C.—Section 15C(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-5(a)(2)) is amended by adding at the end the following: "The Commission may suspend consideration, deny registration, issue an order, or revoke registration, as provided in section 403(e)(1) of the Fair Trade in Financial Services Act of 1994.".

(e) CONFORMING AMENDMENT TO THE INVESTMENT COMPANY ACT OF 1940.—Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8) is amended by adding at the end the following new subsection:

"(g) The Commission may suspend consideration, deny registration, issue an order, or revoke registration, as provided in section 403(e)(1) of the Fair Trade in Financial Services Act of 1994.".

(f) CONFORMING AMENDMENT TO THE INVESTMENT ADVISERS ACT OF 1940.—Section 203(c)(2) of the Investment Advisers Act of 1940 (15 U.S.C. (c)(2)) is amended by adding at the end the following: "The Commission may suspend consideration, deny registration, issue an order, or revoke registration, as provided in section 403(e)(1) of the Fair Trade in Financial Services Act of 1994.".

Amend the table of contents accordingly.

AMENDMENT NO. 1526

At the appropriate place in title III of the bill, insert the following:

SEC. . INCLUSION OF COMPTROLLER OF THE CURRENCY; CLARIFICATION OF REVISED STATUTES.

(a) PUBLIC LAW 93-425.—Section 111 of Public Law 93-495 (12 U.S.C. 250) is amended by inserting "the Comptroller of the Currency," after "Federal Deposit Insurance Corporation,".

(b) REVISED STATUTES.—

(1) SECTION 5240.—The third paragraph of section 5240 of the Revised Statutes (12 U.S.C. 482) is amended by inserting "or section 301(f)(1) of title 31, United States Code," after "provisions of this section".

(2) SECTION 324.—Section 324 of the Revised Statutes (12 U.S.C. 1) is amended by adding at the end the following: "The Comptroller of the Currency shall have the same authority over matters within the jurisdiction of the Comptroller as the Director of the Office of Thrift Supervision has over matters within the Director's jurisdiction under section 3(b)(3) of the Home Owners' Loan Act.".

(3) SECTION 5239.—Section 5239 of the Revised Statutes (12 U.S.C. 93) is amended by inserting at the end the following new subsection:

"(d) AUTHORITY.—The Comptroller of the Currency may act in the Comptroller's own name and through the Comptroller's own attorneys in enforcing any provision of this title, regulations thereunder, or any other law or regulation, or in any action, suit, or proceeding to which the Comptroller of the Currency is a party.".

DODD (AND DECONCINI) AMENDMENT NO. 1527

Mr. DODD (for himself and Mr. DECONCINI) proposed an amendment to the bill S. 1275, supra; as follows:

On page 160, between lines 6 and 7, insert the following:

SEC. 334. COMMEMORATION OF 1995 SPECIAL OLYMPIC WORLD GAMES.

(a) COIN SPECIFICATIONS.—

(1) ONE DOLLAR SILVER COINS.—

(A) ISSUANCE.—The Secretary of the Treasury (hereafter in this section referred to as the "Secretary") shall issue not more than 800,000 $1 coins, which shall weigh 26.73 grams, have a diameter of 1.500 inches, and shall contain 90 percent silver and 10 percent copper.

(B) DESIGN.—The design of the coins issued under this section shall be emblematic of the 1995 Special Olympics World Games. On each such coin there shall be a designation of the value of the coin, an inscription of the year "1995", and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

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

(3) NUMISMATIC ITEMS.—For purposes of section 5132(a)(1) of title 31, United States Code, all coins minted under this section shall be considered to be numismatic items.

(b) SOURCES OF BULLION.—The Secretary shall obtain silver for the coins minted under this section only from stockpiles established under the Strategic and Critical Materials Stock Piling Act.

(c) SELECTION OF DESIGN.—The design for the coins authorized by this section shall be selected by the Secretary after consultation with the 1995 Special Olympics World Games Organizing Committee, Inc. and the Commission of Fine Arts. As required by section 5135 of title 31, United States Code, the design shall also be reviewed by the Citizens Commemorative Coin Advisory Committee.

(d) ISSUANCE OF THE COINS.—

(1) QUALITY OF COINS.—The coins authorized under this section may be issued in uncirculated and proof qualities.

(2) MINT FACILITY.—Not more than 1 facility of the United States Mint may be used to strike any particular quality of the coins minted under this section.

(3) COMMENCEMENT OF ISSUANCE.—The coins authorized under this section shall be available for issue not later than January 15, 1995.

(4) SUNSET PROVISION.—No coins shall be minted under this section after December 31, 1995.

(e) SALE OF THE COINS.—

(1) SALE PRICE.—The coins issued under this section shall be sold by the Secretary at a price equal to the sum of the face value of the coins, the surcharge provided in paragraph (4) with respect to such coins, and the cost of designing and issuing such coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(2) BULK SALES.—The Secretary shall make bulk sales at a reasonable discount.

(3) PREPAID ORDERS.—The Secretary shall accept prepaid orders for the coins authorized under this section prior to the issuance of such coins. Sales under this subsection shall be at a reasonable discount.

(4) SURCHARGE REQUIRED.—All sales shall include a surcharge of $10 per coin.

(f) GENERAL WAIVER OF PROCUREMENT REGULATIONS.—No provision of law governing procurement or public contracts shall be applicable to the procurement of goods or services necessary for carrying out the provisions of this section. Nothing in this subsection shall relieve any person entering into a contract under the authority of this section from complying with any law relating to equal employment opportunity.

(g) DISTRIBUTION OF SURCHARGES.—The total surcharges collected by the Secretary from the sale of the coins issued under this section shall be promptly paid by the Secretary to the 1995 Special Olympics World Games Organizing Committee, Inc. Such amounts shall be used to—

(1) provide a world class sporting event for athletes with mental retardation;

(2) demonstrate to a global audience the extraordinary talents, dedication, and courage of persons with mental retardation; and

(3) underwrite the cost of staging and promoting the 1995 Special Olympics World Games.

(h) AUDITS.—The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data of the 1995 Special Olympics World Games Organizing Committee, Inc. as may be related to the expenditure of amounts paid under subsection (g).

(i) FINANCIAL ASSURANCES.—

(1) NO NET COST TO THE GOVERNMENT.—The Secretary shall take all actions necessary to ensure that the issuance of the coins authorized by this section shall result in no net cost to the United States Government.

(2) ADEQUATE SECURITY FOR PAYMENT REQUIRED.—No coin shall be issued under this section unless the Secretary has received—

(A) full payment therefore;

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

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

PACKWOOD (AND OTHERS) AMENDMENT NO. 1528

Mr. PACKWOOD (for himself, Mr. GORTON, and Mr. HATFIELD) proposed an amendment to the bill S. 1275, supra; as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . STUDY OF EFFECT OF THE NORTHERN SPOTTED OWL ON SMALL BUSINESS CONCERNS.

(a) DEFINITIONS.—For purposes of this section—

(1) the term "Administrator" means the Administrator of the Small Business Administration; and

(2) the term "small business concerns" has the same meaning as in section 3 of the Small Business Act.

(b) FINDINGS.—The Congress finds that—

(1) a critical and worsening timber supply shortage exists within the social and economic area that generally corresponds to the range of the Northern spotted owl, including Western Oregon, Western Washington, and Northern California, as a consequence of various actions by the Federal Government aimed at stabilizing and recovering the Northern spotted owl as well as other species thought to be associated with old-growth forests; and

(2) numerous small business concerns rely for their livelihood on the adequate harvest of timber from Federal and non-Federal lands within the range of the Northern spotted owl and related species.

(c) BUSINESS STUDY.—The Administrator shall conduct a study that analyzes—

(1) the nature and extent of economic losses to small business concerns in the forest products industry that have occurred subsequent to the designation of the Northern spotted owl as a threatened species pursuant to section 4 of the Endangered Species Act of 1973, or that are reasonably likely to occur in the future as a result of present trends;

(2) the ability of small business concerns to recoup the fair market value of equipment and other property employed in the harvest and processing of timber prior to the listing of the Northern spotted owl as a threatened species; and

(3) the ability of small business concerns in the affected area to offer alternative products or services for which there is a ready or likely suitable market.

(d) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this section, the Administrator shall submit a report of the results of the study conducted under subsection (c) to the President and to the relevant committees of the Senate and the House of Representatives.

(2) OPTIONS.—The report shall include options for Congress and the President for compensating small business concerns for economic losses and for promoting business transition and diversification.

(3) CONSULTATION.—In preparing the report, the Administrator shall consult with small business concerns in the forest products industry, and shall solicit comments from the public.

PACKWOOD (AND OTHERS) AMENDMENT NO. 1529

Mr. PACKWOOD (for himself, Mr. GORTON, and Mr. HATFIELD) proposed an amendment to the bill S. 1275, supra; as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . STUDY OF EFFECT OF THE NORTHERN SPOTTED OWL ON SMALL BUSINESS CONCERNS.

(a) DEFINITIONS.—For purposes of this section—

(1) the term "Administrator" means the Administrator of the Small Business Administration; and

(2) the term "small business concerns" has the same meaning as in section 3 of the Small Business Act.

(c) BUSINESS STUDY.—The Administrator, in consultation with the Secretary of the Interior shall conduct a study that analyzes—

(1) the nature and extent of economic losses to small business concerns in the forest products industry that have occurred as a result of the designation of the Northern spotted owl as a threatened species pursuant to section 4 of the Endangered Species Act of 1973, or that are reasonably likely to occur in the future.

(2) the ability of small business concerns to recoup the fair market value of equipment and other property employed in the harvest and processing of timber prior to the listing of the Northern spotted owl as a threatened species; and

(3) the ability of small business concerns in the affected area to offer alternative products or services for which there is a ready or likely suitable market.

(d) REPORT.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this section, the Administrator and the Secretary of the Interior shall submit a report of the results of the study conducted under subsection (c) to the President and to the relevant committees of the Senate and the House of Representatives.

(2) OPTIONS.—The report shall include options for Congress and the President for compensating small business concerns for economic losses and for promoting business transition and diversification.

(3) CONSULTATION.—In preparing the report, the Administrator and the Secretary of the Interior shall consult with small business concerns in the forest products industry, and shall solicit comments from the public.

BRYAN (AND OTHERS) AMENDMENT NO. 1530

Mr. RIEGLE (for Mr. BRYAN for himself, Mr. BOND, Mr. RIEGLE, Mr. D'AMATO, and Mr. REID) proposed an amendment to the bill S. 1275, supra; as follows:

On page 160, between lines 6 and 7, insert the following new title:

TITLE IV—MONEY LAUNDERING

SEC. 401. SHORT TITLE.

This title may be cited as the "Money Laundering Suppression Act of 1994".

SEC. 402. REFORM OF CTR EXEMPTION REQUIREMENTS TO REDUCE NUMBER AND SIZE OF REPORTS CONSISTENT WITH EFFECTIVE LAW ENFORCEMENT.

(a) IN GENERAL.—Section 5313 of title 31, United States Code, is amended by adding at the end the following new subsections:

"(d) MANDATORY EXEMPTIONS FROM REPORTING REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of the Treasury shall exempt, pursuant to section 5318(a)(5), a depository institution from the reporting requirements of subsection (a) (and regulations prescribed under such subsection) with respect to transactions between the depository institution and the following categories of entities:

"(A) Another depository institution.

"(B) A department or agency of the United States, any State, or any political subdivision of any State, including any entity established under the laws of the United States, any State, or any political subdivision of any State, or under an interstate compact between 2 or more States, which exercises governmental authority on behalf of the United States, the State, or the political subdivision.

"(C) Any business or category of business the reports on which have little or no value for law enforcement purposes.

"(2) NOTICE OF EXEMPTION.—The Secretary of the Treasury shall publish in the Federal Register at such times as the Secretary determines to be appropriate (but not less frequently than once during each year) a list of all the entities whose transactions with a depository institution are exempt under this subsection from the reporting requirements of subsection (a) (and regulations prescribed under such subsection).

"(e) DISCRETIONARY EXEMPTIONS FROM REPORTING REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of the Treasury may exempt, pursuant to section 5318(a)(5), a depository institution from the reporting requirements of subsection (a) (and regulations prescribed under such subsection) with respect to transactions between the depository institution and a qualified business customer of the institution on the basis of information submitted to the Secretary by the institution in accordance with procedures which the Secretary shall establish.

"(2) QUALIFIED BUSINESS CUSTOMER DEFINED.—For purposes of this subsection, the term 'qualified business customer' means a business which—

"(A) maintains a transaction account (as defined in section 19(b)(1)(C) of the Federal Reserve Act) at the depository institution;

"(B) frequently engages in transactions with the depository institution which are subject to the reporting requirements of subsection (a) (and regulations prescribed under such subsection); and

"(C) meets criteria which the Secretary determines are sufficient to ensure that the purposes of this subchapter are carried out without requiring a report with respect to such transactions.

"(3) CRITERIA FOR EXEMPTION.—The Secretary of the Treasury shall establish, by regulation, the criteria for granting and maintaining an exemption under paragraph (1).

"(4) GUIDELINES.—

"(A) IN GENERAL.—The Secretary of the Treasury shall establish guidelines for depository institutions to follow in selecting customers for an exemption under this subsection.

"(B) CONTENTS.—The guidelines may include a description of the types of businesses or an itemization of specific businesses for which no exemption will be granted under this subsection to any depository institution.

"(5) ANNUAL REVIEW.—The Secretary of the Treasury shall prescribe regulations requiring each depository institution to—

"(A) review, at least once during each year, the qualified business customers of such institution with respect to whom an exemption has been granted under this subsection; and

"(B) upon the completion of such review, resubmit information about such customers, with such modifications as the institution determines to be appropriate, to the Secretary for the Secretary's approval.

"(6) 2-YEAR PHASE-IN PROVISION.—During the 2-year period beginning on the date of enactment of the Money Laundering Suppression Act of 1994, this subsection shall be applied by the Secretary on the basis of such criteria as the Secretary determines to be appropriate to achieve an orderly implementation of the requirements of this subsection.

"(f) PROVISIONS APPLICABLE TO MANDATORY AND DISCRETIONARY EXEMPTIONS.—

"(1) LIMITATION ON LIABILITY OF DEPOSITORY INSTITUTIONS.—No depository institution shall be subject to any penalty which may be imposed under this subchapter for the failure of the institution to file a report with respect to a transaction with a customer for whom an exemption has been granted under subsection (d) or (e), unless the institution—

"(A) knowingly files false or incomplete information to the Secretary with respect to the transaction or the customer engaging in the transaction; or

"(B) has reason to believe at the time the exemption is granted or the transaction is entered into that the customer or the transaction does not meet the criteria established for granting such exemption.

"(2) COORDINATION WITH OTHER PROVISIONS.—Any exemption granted by the Secretary of the Treasury under section 5318(a) in accordance with this section, and any transaction which is subject to such exemption, shall be subject to any other provision of law applicable to such exemption, including—

"(A) the authority of the Secretary, under section 5318(a)(5), to revoke such exemption at any time; and

"(B) any requirement to report, or any authority to require a report on, any possible violation of any law or regulation or any suspected criminal activity.

"(g) DEPOSITORY INSTITUTION DEFINED.—For purposes of this section, the term 'depository institution' has the meaning given to such term in section 19(b)(1)(A) of the Federal Reserve Act.".

(b) REPORT REDUCTION GOAL; REPORTS.—

(1) IN GENERAL.—In implementing the amendment made by subsection (a), the Secretary of the Treasury shall seek to reduce, within a reasonable period of time, the number of reports required to be filed in the aggregate by depository institutions pursuant to section 5313(a) of title 31, United States Code, by not less than 30 percent of the number filed during the year preceding the date of enactment of this Act.

(2) INTERIM REPORT.—The Secretary of the Treasury shall submit a report to the Congress not later than the end of the 180-day period beginning on the date of enactment of this Act on the progress made by the Secretary in implementing the amendment made by subsection (a).

(3) ANNUAL REPORT.—The Secretary of the Treasury shall submit an annual report to the Congress after the end of each of the first 5 calendar years which begin after the date of enactment of this Act on the extent to which the Secretary has reduced the overall number of currency transaction reports required to be filed with the Secretary pursuant to section 5313(a) of title 31, United States Code, consistently with the purposes of such section and effective law enforcement.

(c) STREAMLINED CURRENCY TRANSACTION REPORTS.—The Secretary of the Treasury shall take such action as may be appropriate

to redesign the format of reports required to be filed by any financial institution (as defined in section 5312(a)(2) of title 31, United States Code) under section 5313(a) of title 31, United States Code, to eliminate the need to report information which has little or no value for law enforcement purposes and reduce the time and effort required to prepare such report for filing by any such financial institution under such section.

SEC. 403. SINGLE DESIGNEE FOR REPORTING OF SUSPICIOUS TRANSACTIONS.

(a) IN GENERAL.—Section 5318(g) of title 31, United States Code, is amended by adding at the end the following new paragraph:

"(4) SINGLE DESIGNEE FOR REPORTING SUSPICIOUS TRANSACTIONS.—

"(A) IN GENERAL.—In requiring reports under paragraph (1) of suspicious transactions, the Secretary of the Treasury shall designate, to the extent practicable and appropriate, a single officer or agency of the United States to whom such reports shall be made.

"(B) DUTY OF DESIGNEE.—The officer or agency of the United States designated by the Secretary of the Treasury pursuant to subparagraph (A) shall refer any report of a suspicious transaction to the appropriate law enforcement or supervisory agency.

"(C) COORDINATION WITH OTHER REPORTING REQUIREMENTS.—Subparagraph (A) shall not be construed as precluding any supervisory agency for any financial institution from requiring the financial institution to submit any information or report to the agency or another agency pursuant to any provision of law other than this subsection.

"(D) REPORTS.—

"(i) REPORTS REQUIRED.—The Secretary of the Treasury shall submit an annual report to the Congress at the times required under clause (ii) on the number of suspicious transactions reported to the officer or agency designated under subparagraph (A) during the period covered by the report and the disposition of such reports.

"(ii) TIME FOR SUBMITTING REPORTS.—The first report required under clause (i) shall be filed before the end of the 1-year period beginning on the date of enactment of the Money Laundering Suppression Act of 1994, and each subsequent report shall be filed, not later than 90 days after the end of each of the 5 calendar years which begin after such date of enactment.".

(b) DESIGNATION REQUIRED TO BE MADE EXPEDITIOUSLY.—The initial designation of an officer or agency of the United States pursuant to the amendment made by subsection (a) shall be made before the end of the 180-day period beginning on the date of enactment of this Act.

SEC. 404. IMPROVEMENT OF IDENTIFICATION OF MONEY LAUNDERING SCHEMES.

(a) ENHANCED TRAINING, EXAMINATIONS, AND REFERRALS BY BANKING AGENCIES.—Before the end of the 6-month period beginning on the date of enactment of this Act, each appropriate Federal banking agency shall, in consultation with the Secretary of the Treasury and other appropriate law enforcement agencies—

(1) review and enhance training and examination procedures to improve the identification of money laundering schemes involving depository institutions; and

(2) review and enhance procedures for referring cases to any other appropriate law enforcement agency.

(b) IMPROVED REPORTING OF CRIMINAL SCHEMES BY LAW ENFORCEMENT AGENCIES.—The Secretary of the Treasury and each appropriate law enforcement agency shall, on a regular basis, provide information regarding money laundering schemes and activities involving depository institutions to each appropriate Federal banking agency to enhance the agency's ability to examine for and identify money laundering.

(c) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Federal banking agencies shall jointly submit a report to the Congress on the progress made in carrying out subsection (a) and the usefulness of information received pursuant to subsection (b).

(d) DEFINITIONS.—The terms "appropriate Federal banking agency" and "Federal banking agencies" have the same meanings as in section 3 of the Federal Deposit Insurance Act.

SEC. 405. NEGOTIABLE INSTRUMENTS DRAWN ON FOREIGN BANKS SUBJECT TO RECORDKEEPING AND REPORTING REQUIREMENTS.

Section 5312(a)(3) of title 31, United States Code, is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(C) as the Secretary of the Treasury shall provide by regulation for purposes of section 5316, checks, drafts, notes, money orders, and other similar instruments which are drawn on or by a foreign financial institution and are not in bearer form.".

SEC. 406. IMPOSITION OF CIVIL MONEY PENALTIES BY APPROPRIATE FEDERAL BANKING AGENCIES.

Section 5321 of title 31, United States Code, is amended by adding at the end the following new subsection:

"(e) DELEGATION OF ASSESSMENT AUTHORITY TO BANKING AGENCIES.—

"(1) IN GENERAL.—The Secretary of the Treasury shall delegate, in accordance with section 5318(a)(1), and subject to such terms and conditions as the Secretary may impose in accordance with paragraph (3), any authority of the Secretary to assess a civil money penalty under this section on depository institutions to the appropriate Federal banking agencies.

"(2) AUTHORITY OF AGENCIES.—Subject to any term or condition imposed by the Secretary of the Treasury under paragraph (3), the provisions of this section shall apply to an appropriate Federal banking agency to which is delegated any authority of the Secretary under this section in the same manner such provisions apply to the Secretary.

"(3) TERMS AND CONDITIONS.—

"(A) IN GENERAL.—The Secretary of the Treasury shall prescribe by regulation the terms and conditions which shall apply to any delegation under paragraph (1).

"(B) MAXIMUM DOLLAR AMOUNT.—The terms and conditions authorized under subparagraph (A) may include, in the Secretary's sole discretion, a limitation on the amount of any civil penalty which may be assessed by an appropriate Federal banking agency pursuant to a delegation under paragraph (1).

"(4) DEFINITIONS.—For purposes of this subsection, the terms 'depository institution' and 'Federal banking agencies' have the same meanings as in section 3 of the Federal Deposit Insurance Act.".

SEC. 407. UNIFORM STATE LICENSING AND REGULATION OF CHECK CASHING, CURRENCY EXCHANGE, AND MONEY TRANSMITTING BUSINESSES.

(a) UNIFORM LAWS AND ENFORCEMENT.—For purposes of preventing money laundering and protecting the payment system from fraud and abuse, it is the sense of the Congress that the several States should—

(1) establish uniform laws for licensing and regulating businesses which—

(A) provide check cashing, currency exchange, or money transmitting or remittance services, or issue or redeem money orders, travelers' checks, and other similar instruments; and

(B) are not depository institutions (as defined in section 19(b)(1)(A) of the Federal Reserve Act); and

(2) provide sufficient resources to the appropriate State agency to enforce such laws and regulations prescribed pursuant to such laws.

(b) MODEL STATUTE.—It is the sense of the Congress that the several States should develop, through the auspices of the National Conference of Commissioners on Uniform State Laws, the American Law Institute, or such other forum as the States may determine to be appropriate, a model statute to carry out the goals described in subsection (a) which would include the following:

(1) LICENSING REQUIREMENTS.—A requirement that any business described in subsection (a)(1) be licensed and regulated by an appropriate State agency in order to engage in any such activity within the State.

(2) LICENSING STANDARDS.—A requirement that—

(A) in order for any business described in subsection (a)(1) to be licensed in the State, the appropriate State agency shall review and approve—

(i) the business record and the capital adequacy of the business seeking the license; and

(ii) the competence, experience, integrity, and financial ability of any individual who—

(I) is a director, officer, or supervisory employee of such business; or

(II) owns or controls such business; and

(B) any record, on the part of any business seeking the license or any person referred to in subparagraph (A)(ii), of—

(i) any criminal activity;

(ii) any fraud or other act of personal dishonesty;

(iii) any act, omission, or practice which constitutes a breach of a fiduciary duty; or

(iv) any suspension or removal, by any agency or department of the United States or any State, from participation in the conduct of any federally or State licensed or regulated business;

may be grounds for the denial of any such license by the appropriate State agency.

(3) PROCEDURES TO ENSURE COMPLIANCE WITH FEDERAL CASH TRANSACTION REPORTING REQUIREMENTS.—A civil or criminal penalty for operating any business referred to in paragraph (1) without establishing and complying with appropriate procedures to ensure compliance with subchapter II of chapter 53 of title 31, United States Code (relating to records and reports on monetary instruments transactions).

(4) CRIMINAL PENALTIES FOR OPERATION OF BUSINESS WITHOUT A LICENSE.—A criminal penalty for operating any business referred to in paragraph (1) without a license within the State after the end of an appropriate transition period beginning on the date of enactment of such model statute by the State.

(c) STUDY REQUIRED.—The Secretary of the Treasury shall conduct a study of—

(1) the progress made by the several States in developing and enacting a model statute which—

(A) meets the requirements of subsection (b); and

(B) furthers the goals of—

(i) preventing money laundering by businesses which are required to be licensed under any such model statute; and

(ii) protecting the payment system, including the receipt, payment, collection, and clearing of checks, from fraud and abuse by such businesses; and

(2) the adequacy of—

(A) the activity of the several States in enforcing the requirements of such statute; and

(B) the resources made available to the appropriate State agencies for such enforcement activity.

(d) REPORT REQUIRED.—Before the end of the 3-year period beginning on the date of enactment of this Act and by the end of each of the first two 1-year periods beginning after the end of such 3-year period, the Secretary of the Treasury shall submit a report to the Congress containing the findings and recommendations of the Secretary in connection with the study under subsection (c), together with such recommendations for legislative and administrative action as the Secretary may determine to be appropriate.

(e) RECOMMENDATIONS IN CASES OF INADEQUATE REGULATION AND ENFORCEMENT BY STATES.—If the Secretary of the Treasury determines that any State has been unable—

(1) to enact a statute which meets the requirements described in subsection (b);

(2) to undertake adequate activity to enforce such statute; or

(3) to make adequate resources available to the appropriate State agency for such enforcement activity;

the report submitted pursuant to subsection (d) shall contain recommendations designed to facilitate enactment and enforcement of such a statute.

(f) FEDERAL FUNDING STUDY.—

(1) STUDY REQUIRED.—The Secretary of the Treasury shall conduct a study to identify possible available sources of Federal funding to cover costs to the States to implement this section.

(2) REPORT.—The Secretary of the Treasury shall submit a report to the Congress on the study conducted pursuant to paragraph (1) before the end of the 18-month period beginning on the date of enactment of this Act.

SEC. 408. REGISTRATION OF MONEY TRANSMITTING BUSINESSES TO PROMOTE EFFECTIVE LAW ENFORCEMENT.

(a) FINDINGS AND PURPOSES.—

(1) FINDINGS.—The Congress finds the following:

(A) Money transmitting businesses are subject to the recordkeeping and reporting requirements of subchapter II of chapter 53 of title 31, United States Code.

(B) Money transmitting businesses are largely unregulated businesses and are frequently used in sophisticated schemes to—

(i) transfer large amounts of money which are the proceeds of unlawful enterprises; and

(ii) evade the requirements of subchapter II of chapter 53 of title 31, United States Code, the Internal Revenue Code of 1986, and other laws of the United States.

(C) Information on the identity of money transmitting businesses and the names of the persons who own or control, or are officers or employees of, a money transmitting business would have a high degree of usefulness in criminal, tax, or regulatory investigations and proceedings.

(2) PURPOSE.—It is the purpose of this section to establish a registration requirement for businesses engaged in providing check cashing, currency exchange, or money transmitting or remittance services, or issuing or redeeming money orders, travelers' checks, and other similar instruments to assist the Secretary of the Treasury, the Attorney General, and other supervisory and law enforcement agencies to effectively enforce the criminal, tax, and regulatory laws and prevent such money transmitting businesses from engaging in illegal activities.

(b) IN GENERAL.—Subchapter II of chapter 53 of title 31, United States Code, is amended by adding at the end the following new section:

"§ 5329. Registration of money transmitting businesses

"(a) REGISTRATION WITH SECRETARY OF THE TREASURY REQUIRED.—

"(1) IN GENERAL.—Any person who owns or controls a money transmitting business which is not a depository institution (as defined in section 19(b)(1)(A) of the Federal Reserve Act) shall register the business (whether or not the business is licensed as a money transmitting business in any State) with the Secretary of the Treasury before the end of the 180-day period beginning on the later of—

"(A) the date of enactment of this section; or

"(B) the date the business is established.

"(2) FORM AND MANNER OF REGISTRATION.—Subject to the requirements of subsection (b), the Secretary of the Treasury shall prescribe, in regulations, the form and manner for registering a money transmitting business pursuant to paragraph (1).

"(3) BUSINESSES REMAIN SUBJECT TO STATE LAW.—This section shall not be construed as superseding any requirement of State law relating to money transmitting businesses operating in such State.

"(4) FALSE AND INCOMPLETE INFORMATION.—The filing of false or materially incomplete information in connection with the registration of a money transmitting business shall be considered as a failure to comply with the requirements of this subsection.

"(b) CONTENTS OF REGISTRATION.—The registration of a money transmitting business under subsection (a) shall include the following information:

"(1) The name and location of the business.

"(2) The name and address of each person who—

"(A) owns or controls the business;

"(B) is a director or officer of the business; or

"(C) otherwise participates in the conduct of the affairs of the business.

"(3) The name and address of any depository institution at which the business maintains a transaction account (as defined in section 19(b)(1)(C) of the Federal Reserve Act).

"(4) An estimate of the volume of business to be reported annually.

"(5) Such other information as the Secretary of the Treasury may require.

"(c) AGENTS OF MONEY TRANSMITTING BUSINESSES.—

"(1) MAINTENANCE OF LISTS OF AGENTS OF MONEY TRANSMITTING BUSINESSES.—Pursuant to regulations which the Secretary of the Treasury shall prescribe, each money transmitting business shall—

"(A) maintain a list containing the names and addresses of all persons authorized to act as an agent for such business in connection with activities described in subsection (d)(1)(A) and such other information about such agents as the Secretary may require; and

"(B) make the list and other information available on request to any appropriate law enforcement agency.

"(2) TREATMENT OF AGENT AS MONEY TRANSMITTING BUSINESS.—The Secretary of the Treasury shall prescribe regulations establishing, on the basis of such criteria as the Secretary determines to be appropriate, a threshold point for treating an agent of a money transmitting business as a money transmitting business for purposes of this section.

"(d) DEFINITIONS.—For purposes of this section—

"(1) MONEY TRANSMITTING BUSINESS.—The term 'money transmitting business' means any business other than the United States Postal Service which—

"(A) provides check cashing, currency exchange, or money transmitting or remittance services, or issues or redeems money orders, travelers' checks, and other similar instruments;

"(B) is required to file reports under section 5313; and

"(C) is not a depository institution (as defined in section 19(b)(1)(A) of the Federal Reserve Act).

"(2) MONEY TRANSMITTING SERVICE.—The term 'money transmitting service' includes accepting currency or funds denominated in the currency of any country and transmitting the currency or funds, or the value of the currency or funds, by any means through a financial agency or institution, a Federal reserve bank or other facility of the Board of Governors of the Federal Reserve System, or an electronic funds transfer network.

"(e) CIVIL PENALTY FOR FAILURE TO COMPLY WITH REGISTRATION REQUIREMENTS.—

"(1) IN GENERAL.—Any person who fails to comply with the money transmitting business registration requirements under subsection (a) or regulations prescribed under such subsection shall be liable to the United States for a civil penalty of $5,000 for each such violation.

"(2) CONTINUING VIOLATION.—Each day a violation described in paragraph (1) continues shall constitute a separate violation for purposes of such paragraph.

"(3) ASSESSMENTS.—Any penalty imposed under this subsection shall be assessed and collected by the Secretary of the Treasury in the manner provided in section 5321 and any such assessment shall be subject to the provisions of such section.".

(c) CRIMINAL PENALTY FOR FAILURE TO COMPLY WITH REGISTRATION REQUIREMENTS.—Section 1960(b)(1) of title 18, United States Code, is amended to read as follows:

"(1) the term 'illegal money transmitting business' means a money transmitting business which affects interstate or foreign commerce in any manner or degree and—

"(A) is intentionally operated without an appropriate money transmitting license in a State where such operation is punishable as a misdemeanor or a felony under State law; or

"(B) fails to comply with the money transmitting business registration requirements under section 5329 of title 31, United States Code, or regulations prescribed under such section;".

(d) CIVIL FORFEITURE.—Section 981(a)(1)(A) of title 18, United States Code, is amended by striking "or of section 1956 or 1957 of this title," and inserting ", of section 1956, 1957, or 1960 of this title,".

(e) CLERICAL AMENDMENT.—The table of sections for chapter 53 of title 31, United States Code, is amended by inserting after the item relating to section 5328 the following new item:

"5329. Registration of money transmitting businesses.".

SEC. 409. CRIMINAL AND CIVIL PENALTY FOR STRUCTURING DOMESTIC AND INTERNATIONAL TRANSACTIONS.

(a) CRIMINAL PENALTY.—Section 5324 of title 31, United States Code, is amended by adding at the end the following new subsection:

"(c) CRIMINAL PENALTY.—

"(1) IN GENERAL.—Whoever violates this section shall be fined in accordance with title 18, United States Code, imprisoned for not more than 5 years, or both.

"(2) ENHANCED PENALTY FOR AGGRAVATED CASES.—Whoever violates this section while violating another law of the United States or as part of a pattern of any illegal activity involving more than $100,000 in a 12-month period shall be fined twice the amount provided in subsection (b)(3) or (c)(3) (as the case may be) of section 3571 of title 18, United States Code, imprisoned for not more than 10 years, or both.".

(b) AMENDMENT RELATING TO CIVIL PENALTY.—Section 5321(a)(4)(A) of title 31, United States Code, is amended by striking "willfully".

(c) TECHNICAL AND CONFORMING AMENDMENT.—Subsections (a) and (b) of section 5322 of title 31, United States Code, are amended by inserting "or 5324" after "section 5315" each place such term appears.

SEC. 410. GAO STUDY OF CASHIERS' CHECKS.

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study to determine—

(1) the extent to which the practice of issuing of cashiers' checks by financial institutions is vulnerable to money laundering schemes;

(2) the extent to which additional recordkeeping requirements should be imposed on financial institutions which issue cashiers' checks; and

(3) such other factors relating to the use and regulation of cashiers' checks as the Comptroller General determines to be appropriate.

(b) REPORT REQUIRED.—Before the end of the 180-day period beginning on the date of enactment of this Act, the Comptroller General shall submit a report to the Congress containing—

(1) the findings and conclusions in connection with the study conducted pursuant to subsection (a); and

(2) such recommendations for legislative and administrative action as the Comptroller General may determine to be appropriate.

RIEGLE (AND METZENBAUM) AMENDMENT NO. 1531

Mr. RIEGLE (for himself and Mr. METZENBAUM) proposed an amendment to the bill S. 1275, supra; as follows:

At the appropriate place insert:

SEC. . Section 609(a) of the Fair Credit Reporting Act (15 U.S.C. 1681g(a)) is amended by adding after paragraph (3) the following:

"(4) The dates, original payees, and amounts of any checks upon which is based any "negative information about the consumer included in the file at the time of the disclosure."

BAUCUS AND WALLOP AMENDMENT NO. 1532

Mr. RIEGLE (for Mr. BAUCUS for himself and Mr. WALLOP) proposed an amendment to the bill S. 1275, supra; as follows:

On page 56, line 24, strike "or";

On page 57, line 4, after ";" insert "or"; and

On page 57, between lines 4 and 5 insert:

"(c) in a community that has experienced a sudden and significant loss in total employment since the 1990 census or a major dislocation in its primary employment base."

NOTICES OF HEARINGS

COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will be holding a hearing on Wednesday, March 23, 1994, beginning at 9:30 a.m., in 485 Russell Senate Office Building on S. 1021, the Native American Free Exercise of Religion Act.

Those wishing additional information should contact the Committee on Indian Affairs at 224-2251.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Wednesday, March 16, 1994 at 9:30 a.m., in SR-332, on effect on dairy trade of the self help proposal.

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

COMMITTEE ON ARMED SERVICES

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet jointly with the Committee on Governmental Affairs on Wednesday, March 16, 1994 at 2 p.m., in open session, to receive testimony on S. 1587, the Federal Acquisition Streamlining Act of 1993.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate, 10 a.m., March 16, 1994, to receive testimony on the domestic and international implications of energy demand growth in China and the developing countries of the Pacific rim.

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

COMMITTEE ON FINANCE

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on Finance be permitted to meet today at 10 a.m. to hear testimony on the subject of the Uruguay round, and to hear and consider the nominations of W. Booth Gardner to be a Deputy U.S. Trade Representative and Lynn Bragg to be a member of the International Trade Commission.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be authorized to meet on Wednesday, March 16, 1994, at 2 p.m., for a joint hearing with the Armed Services Committee on the legislation: S. 1587, the Federal Acquisition Streamlining Act of 1993.

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

COMMITTEE ON THE JUDICIARY

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, March 16, 1994, to hold a hearing on the nomination of Jamie Gorelick, to be Deputy Attorney General.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for a hearing on the Reemployment Act of 1994, during the session of the Senate on March 16, 1994, at 2:30 pm.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet for a hearing on the current status of chapter I, during the session of the Senate on March 16, 1994, at 10 a.m.

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

SUBCOMMITTEE ON INTERNATIONAL FINANCE AND MONETARY POLICY

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, March 16, beginning at 10 a.m., to conduct a hearing on Alaskan crude oil.

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

SUBCOMMITTEE ON MINERAL RESOURCES DEVELOPMENT AND PRODUCTION AND SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS AND FORESTS

Mr. RIEGLE. Mr. President, I ask unanimous consent that the Subcommittee on Mineral Resources Development and Production and the Subcommittee on Public Lands, National Parks and Forests of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate, 2:30 p.m., March 16, 1994, to receive testimony on H.R. 1137, the Old Faithful Protection Act of 1993.

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

ADDITIONAL STATEMENTS

LITHUANIAN INDEPENDENCE DAY

• Mr. RIEGLE. Mr. President, I rise today to commemorate the 76th anniversary of Lithuania's declaration of independence, celebrated on February 16, 1994. Once again we are reminded of the difficulties the Lithuanian people have faced throughout their history, and the resilience with which they have confronted them. Their fortitude is even more pronounced now as they struggle to rebuild their country following Soviet occupation. I am proud to celebrate this day with the people of Lithuania and the Lithuanian-American community, and I offer my continued support as they face the numerous and formidable challenges of the future.

On February 16, 1918, the Lithuanian National Council first declared its independence from Czarist Russia, ending 300 years of foreign domination. Their new-found liberty lasted only until 1940, however, when Stalinist Russian troops invaded and annexed Lithuania, along with neighboring Latvia and Estonia. The Lithuanian people suffered under a brutal Soviet regime, yet they never gave up hope for freedom, independence, and self-determination. Lithuanians once again declared independence from the Soviet Union on March 11, 1990.

Lithuanian Independence Day is important not only as a remembrance of the many years Lithuania has spend under oppressive foreign rule, but also as an acknowledgement of the obstacles of Lithuania's continued autonomy. Freedom never came easily for the Lithuanian people—the Soviet Union at first refused to recognize the independence claim and in January 1991, 14 Lithuanians were killed and more than 500 injured by Soviet troops while defending the radio and TV tower in Vilnius. Even after the total collapse of the Soviet Union and the establishment of Lithuania as an independent nation, Lithuanians continue to face a precarious situation militarily, economically, and environmentally.

Clearly one of the most serious problems in Lithuania today is the shortage of energy. Lithuania is heavily dependent on Russian oil and natural gas, yet the Russian gas company GASPROM has repeatedly threatened to shut off the supply unless Lithuania pays off a $30 million debt. The only domestic source of energy is an aging nuclear powerplant in Ignalina which has undergone several emergency shutdowns in recent years due to its outdated and inadequate safety systems. The state of this powerplant highlights the danger of a new catastrophe that would compound the environmental damage already inflicted on Lithuania by 50 years of Soviet occupation.

Lithuania is plagued by economic and military problems as well. The transition to a free market economy has created numerous problems for the Lithuanian economy—inflation remains extremely high; there is a shortage of raw materials; and industrial production has fallen sharply in recent years. Finally, although all Russian troops have been removed from Lithuanian soil, thousands still remain in Latvia and Estonia. We must continue to monitor the removal of troops from the Baltics to ensure that Russia honors its commitment to complete its withdrawal by August 31, 1994.

The struggle of the Lithuanian people is far from over. The international community must continue to support Lithuania and its Baltic neighbors as they strive to build free societies, stable democracies, and market economies. As we celebrate with the people of Lithuania and the Lithuanian-American community here in the United States, let us recognize the challenges they face, and renew our commitment to support the Baltic nations in the future.•

ORDERS FOR TOMORROW

Mr. RIEGLE. Mr. 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 a.m., Thursday, March 17, that following the prayer, the Journal of proceedings be 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 10 minutes each, with the first 20 minutes of morning business under the control of the majority leader or his designee; with Senators KOHL and KERREY recognized for up to 10 minutes each; with Senator SHELBY recognized for up to 20 minutes; that at 10 a.m., the Senate then resume consideration of S. 1275, the community development bank bill; that upon resuming the bill, Senator GRAMM be recognized to offer an amendment to amendment No. 1525, with the Gramm amendment relating to sunsetting.

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

RECESS UNTIL THURSDAY, MARCH 17, 1994 AT 9 A.M.

Mr. RIEGLE. Mr. President, if there is no further business to come before the Senate today, and if no other Senator is seeking recognition, I ask unanimous consent the Senate stand in recess as previously ordered.

There being no objection, the Senate, at 6:34 p.m., recessed until 9 a.m., Thursday, March 17, 1994.

NOMINATIONS

Executive nominations received by the Senate March 16, 1994:

DEPARTMENT OF DEFENSE

WILLIAM T. COLEMAN III, OF MICHIGAN, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF THE ARMY, VICE WILLIAM JAMES HAYNES II, RESIGNED.

SARA E. LISTER, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF THE ARMY, VICE ROBERT S. SILBERMAN, RESIGNED.

FOREIGN SERVICE

THE FOLLOWING-NAMED PERSONS OF THE AGENCIES INDICATED FOR APPOINTMENT AS CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE CLASS STATED, AND ALSO FOR THE OTHER APPOINTMENT INDICATED HEREWITH:

FOR APPOINTMENT AS A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, AND A CONSULAR OFFICER AND A SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

AGENCY FOR INTERNATIONAL DEVELOPMENT

KELLY CHRISTIAN KAMMERER, OF THE DISTRICT OF COLUMBIA

FOR APPOINTMENT AS A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR:

DEPARTMENT OF STATE

DOUGLAS B. ARCHARD, OF VERMONT

THE FOLLOWING-NAMED PERSONS OF THE AGENCIES INDICATED FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF THE CLASSES STATED, AND ALSO FOR THE OTHER APPOINTMENTS INDICATED HEREWITH:

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS ONE, CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

DEPARTMENT OF STATE

JAMES EDMOND ROBERTSON, OF MARYLAND

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS THREE, CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

DEPARTMENT OF STATE

CAROL ANN DENNISON, OF PENNSYLVANIA
DAVID T. NEWELL, OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF AGRICULTURE

HASSAN F. AHMED, OF VIRGINIA
BERNADETTE BORRIS, OF NEW JERSEY
ASIF J. CHAUDHRY, OF WASHINGTON
ROBERT K. HOFF, OF TEXAS
JON K. JENNI, OF CALIFORNIA
JEFFREY W. JONES, OF WASHINGTON
KEVIN N. SMITH, OF ILLINOIS
BRUCE J. ZANIN, OF VIRGINIA

FOR APPOINTMENT AS FOREIGN SERVICE OFFICERS OF CLASS FOUR, CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

DEPARTMENT OF STATE

LARRY EDWARD ANDRE, JR., OF TEXAS
EDWARD P. BIRSNER, OF NEW JERSEY
ANN-CATHERINE BLANK, OF HAWAII
DIANA F. BROWN, OF MICHIGAN
DOUGLAS PAUL CLIMAN, OF CALIFORNIA
NANCY J. COOPER, OF NEW YORK
RHONDA L. FERGUSON-AUGUSTUS, OF NEW YORK
BRADLEY ALAN FREDEN, OF TEXAS
GREGORY WRIGHT FRENZEL, OF NEW JERSEY
DAVID E. JABERG, OF VIRGINIA
ERIC ANTHONY JONES, OF MICHIGAN
EILEEN H. KANE, OF NEW YORK
STEVEN CHRISTOPHER KOUTSIS, OF MASSACHUSETTS
STEPHANIE A. KRONENBURG, OF TEXAS
SUZANNE ILENE LAWRENCE, OF ARIZONA
MATTHEW FRANKLIN LEVEY, OF CONNECTICUT
KATHLEEN LOUISE LIST, OF CALIFORNIA
THOMAS AQUINAS MARTEN, OF VIRGINIA
KATHERINE ANNE MUNCHMEYER, OF TEXAS
DARIUS NASSIRY, OF CALIFORNIA
ERIC GEORGE NELSON, OF TEXAS
LOIS ARLENE PRICE, OF OREGON
ERIC JAMES RUETER, OF CALIFORNIA
RICHARD SCOTT SACKS, OF NEW HAMPSHIRE
JOLEEN ANN SCHWEITZER, OF VIRGINIA
DAVID WILLIAM SECKLER, OF CALIFORNIA
PALEMA LEORA SPRATLEN, OF CALIFORNIA
JENNIFER OWEN UNDERWOOD, OF VIRGINIA
JAMES L. WAYMAN, OF INDIANA
LAWRENCE C. YONTZ, OF OHIO

DEPARTMENT OF AGRICULTURE

CLAY M. HAMILTON, OF TEXAS

THE FOLLOWING-NAMED MEMBERS OF THE FOREIGN SERVICE OF THE DEPARTMENT OF STATE AND COMMERCE TO BE CONSULAR OFFICERS AND/OR SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA, AS INDICATED:

CONSULAR OFFICERS AND SECRETARIES IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

ROGER KENT ALMOND, OF VIRGINIA
KATHLEEN L. ARCHIBALD, OF VIRGINIA
GEOFFREY M. BARRY, OF VIRGINIA
ROBERT STEPHEN BEECHCROFT, OF CALIFORNIA
CARRIE D. BENJAMIN, OF VIRGINIA
J. ANDREW BENNETT, OF VIRGINIA
RUTH G. BRANTLEY, OF THE DISTRICT OF COLUMBIA
SUZANNE L. BROWN, OF VIRGINIA
KATHERINE ANN BRUCKER, OF CALIFORNIA
MATHEW J. BURROWS, OF THE DISTRICT OF COLUMBIA
ANN E. BUTLER, OF VIRGINIA
JEFFREY M. CANOSE, OF VIRGINIA
CRAIG B. CHELLIS, OF VIRGINIA
PORTER P. CONERLY, OF VIRGINIA
SUSAN THERESA CONNOLLY, OF VIRGINIA
MICHAEL S. DIXON, OF IOWA
DAVID C. DODGE, OF VIRGINIA
LESTER. S. DUFFIN, OF VIRGINIA
KAREN A. EGGERMAN, OF CALIFORNIA
LAURA L. ELLIS, OF VIRGINIA
MELVIN LEON GAMBLE, OF VIRGINIA
CARL R. GOLDEN, JR., OF VIRGINIA
ROBERT D. HALL, OF VIRGINIA
KATHLEEN M. HAMANN, OF MINNESOTA
ANDREW M. HAMILTON, OF VIRGINIA
JEFFREY J. HAWKINS, JR., OF CALIFORNIA
GEORGE HAZELRIGG, OF VIRGINIA
JAMES J. HENDRY, OF VIRGINIA
CARMEN M. HERNANDEZ, OF PUERTO RICO
ROBYN A. HOOKER, OF VIRGINIA
PHILIP WINSTON KAPLAN, OF FLORIDA
JAMES R. KNEIP, OF MARYLAND
LEO E. KONZ, OF VIRGINIA
EVAN A. KOPP, OF CALIFORNIA
DALE G. KREISHER, OF OHIO
KIMBERLY CONSTANCE KRHOUNEK, OF NEBRASKA
DANIEL JOSEPH KRITENBRINK, OF VIRGINIA
TIMOTHY P. LATTIMER, OF CALIFORNIA
JESSICA SUE LEVINE, OF MASSACHUSETTS
ALEXIS LUDWIG, OF CALIFORNIA
NICHOLAS JORDAN MANRING, OF WASHINGTON
J. STEPHEN MARTIN, OF THE DISTRICT OF COLUMBIA
JOHN G. MERNA, OF VIRGINIA
BRIAN L. MIHURA, OF VIRGINIA
CHRISTOPHER M. MOODY, OF NEW MEXICO
MARGARET ANNE MOORE, OF VIRGINIA
ANN MORNING, OF NEW YORK
MARK BRENDAN O'CONNOR, OF FLORIDA
ALLAN E. PAPP, OF VIRGINIA
STUART E. PATT, OF CALIFORNIA
BERNICE S. PRESENSKY, OF VIRGINIA
DAVID MEIER SAUER, OF VIRGINIA
JUNE VERONICA SHULTZ, OF VIRGINIA
ERIC L. SKOOG, OF ARIZONA
ANTON KURT SMITH, OF ALASKA
SEAN B. STEIN, OF UTAH
ELIZABETH CHARLES SUVARI, OF RHODE ISLAND
LAURA V. SWARTZ, OF COLORADO
ANGELINE M. THERIAULT, OF VIRGINIA
COURTNEY L. TURNER, OF VIRGINIA
PRIVATH UM, OF VIRGINIA
PEGGY JEANNE WALKER, OF VIRGINIA
RHONDA J. WATSON, OF MARYLAND
STEPHANIE TURCO WILLIAMS, OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF DEFENSE

RUDY DELEON, OF CALIFORNIA, TO BE UNDER SECRETARY OF THE AIR FORCE, VICE ANNE NEWMAN FOREMAN, RESIGNED.

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HOUSE OF REPRESENTATIVES—*Wednesday, March 16, 1994*

The House met at 10 a.m.

Rev. Samuel C. Tolbert, Jr., Greater Saint Mary Baptist Church, Lake Charles, LA, offered the following prayer:

God of love and light, we pause to acknowledge Thee before engaging into dialog that will cause this institution of legislation to venture toward impacting human destiny.

Enlighten the eyes of our minds that we do not sleep when we should be awake. May we as a nation of democracy remain aware of our function to the families within our borders and beyond.

We pray for forgiveness and direction. We give You us, that we may be expedient in promoting peace on the streets of America and across the face of the Earth.

Our prayer is that You will give us restoration where there is deterioration, peace where there is war, wisdom where there is foolishness.

God bless America.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. DARDEN. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DARDEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Pursuant to clause 5, rule I, further proceedings on this vote are postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Georgia [Mr. DARDEN] come forward and lead the House in the Pledge of Allegiance?

Mr. DARDEN led the Pledge of Allegiance as follows:

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

WELCOME TO THE REVEREND SAMUEL C. TOLBERT, JR.

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

Mr. FIELDS of Louisiana. Mr. Speaker, today I am very happy to welcome the Reverend Samuel C. Tolbert, Jr., pastor of the Greater Saint Mary Baptist Church of Lake Charles, LA. Reverend Tolbert is vice president of the Louisiana Home and Foreign Mission Baptist Convention and vice president of the Southwest Louisiana Baptist Association.

Reverend Tolbert serves as a distinguished member of the city council of Lake Charles and the board of directors of the Southwest Housing Foundation. He is heavily involved in community and religious oriented activities throughout the State of Louisiana. Reverend Tolbert is a great American and therefore it is befitting that he offer the opening prayer before the U.S. House of Representatives. He and his lovely wife Maltilda are the proud parents of two beautiful daughters.

Mr. Speaker, please join me in welcoming our guest chaplain, the Reverend Samuel C. Tolbert.

DO WE HAVE THE WILL?

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

Mr. GOSS. Mr. Speaker, last week by nearly a 5-to-1 margin the House voted against the only specific plan for a balanced budget within the next 5 years—without touching Social Security and without raising taxes. Only 73 of us were willing to bite the bullet and vote for a list of more than 500 specific cuts totaling $600 billion in savings. Still opponents of a balanced budget amendment argue passionately that a balanced budget measure is unnecessary because all we need to do is find the courage to make tough choices.

If the 342-73 vote on the Solomon balanced budget amendment last week proved anything, it proved that such courage does not exist in this House. Clearly it is time for a balanced budget constitutional amendment; we will not eliminate our staggering and ever-growing national debt without it. I do not like having to amend the Constitution—but I like bankrupting the Nation even less. If you are in doubt, ask your children and grandchildren how they feel about it.

LETHAL INJECTION FOR HEALTH CARE REFORM

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

Mr. FAZIO. Mr. Speaker, over the past few months the health insurance industry has spent millions of dollars to convince the American public that we should be worried about efforts to reform health care.

These slick Madison Avenue advertisements were brought to you courtesy of the Health Insurance Industry of America, a trade association for commercial health insurance companies.

These companies have an obvious financial stake in the outcome of health care reform.

What may not be obvious is the fact that the health insurance industry has bankrolled a $14 million ad campaign to kill health reform with your insurance premium money.

These are the same companies that do not want to stop excluding treatment for pre-existing conditions, do not want to give up lifetime limits on benefits, and do not want to stop their skyrocketing premiums.

And now you know why the HIAA has decided that rather than spending their money and your premiums on providing care for those who need it, they would spend millions of dollars to put ads on television to convince the American public that the current system of providing health care insurance is OK.

Well, there are millions of uninsured and underinsured Americans who can tell you that the health care system is not OK.

There is no doubt that health reform can be a confusing and complicated issue, without the help of an industry that stands to gain from killing it.

We will be watching and monitoring the money spent by the HIAA on ad campaigns to kill health care reform. So keep in mind who is paying for the slick advertising—it just might be your very own health insurance premiums giving real health care reform a lethal injection.

PARALLEL BETWEEN ABORTION CLINIC ACCESS BILL AND DICTATORSHIPS SEEN

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

Mr. SMITH of New Jersey. Mr. Speaker, I sincerely apologize in advance for any hardship or inconven-

ience to Members as a result of the numerous recorded votes I intend to ask for on Thursday should the House consider sending the abortion clinic access bill to conference.

The gross unfairness and injustice of H.R. 796 demands your immediate and careful attention. I implore you to more fully appreciate and analyze the consequences of certain language contained in the bill.

I truly believe that the harsh, mean-spirited punishments prescribed by the bill for acts of nonviolent civil disobedience—the staple of the civil rights movement—parallel those sweeping, draconian edicts used to quell dissent in dictatorships.

Just getting in the way peacefully, or just attempting to get in the way—will result in first 1, then if you do it again, 3 years in jail, and massive fines and punitive damages.

Li Peng and Vladimir Zhirinovsky would absolutely love this bill.

But do not just take my word for it.

Here's all that is required under H.R. 796 to turn a peaceful, nonviolent protestor into a Federal felon:

> Whoever—by physical obstruction . . . interferes with any person, or attempts to do so, because that person or any other class of persons is obtaining or providing reproductive health services . . . shall be punished . . . (1) in the case of a first offense, be fined [up to $100,000] or imprisoned not more than 1 year, or both and; (2) in the case of a second or subsequent offense after a prior conviction . . . be fined [up to $250,000] or imprisoned not more than 3 years, or both.

Under the facade of getting tough on those few fanatics who bomb abortion mills or use violence—actions that I absolutely detest and agree need stiff penalties—my substitute last November got tough on violent protestors—the House is poised to stack the deck against peaceful pro-life activists so as to make them prey—an easy mark—for ruinous criminal prosecution and civil suits.

Congress should reject this legislation. It is time to go back to the drawing board—and draft a statute that makes violence against abortion providers and pro-lifers a Federal crime.

SUPPORT THE REAL BALANCED BUDGET ACT

(Ms. MARGOLIES-MEZVINSKY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. MARGOLIES-MEZVINSKY. Mr. Speaker, I rise today to propose a resolution that will force this body to put its money where its mouth is.

Odds are we will soon vote on the balanced budget amendment. And it may pass; as we all know that it failed in the other body and our votes on it this year will therefore be irrelevant.

It is odd that a gimmick like the balanced budget amendment may be able to garner enough votes for final passage, but a real step toward reducing our deficit like the Penny-Kasich amendment, which would have cut spending $90 billion over the next 5 years, failed.

By debating the balanced budget amendment, and by supporting it knowing that our votes are meaningless, we deceive the American people into thinking that we are actually doing something about the deficit when the sad truth is we are not.

Today I introduce the real balanced budget act, or the put your money where your mouth is act. It will force us to actually balance the budget 2 years in a row before we can talk about any constitutional amendment. It will ensure that we make substantive cuts and not just great-sounding, but empty, speeches.

Because it is not your money you need to put where your mouth is. It is the money of the American people and, more importantly, the money of our children and our grandchildren.

Support the real balanced budget act. Put your money where your mouth is.

PRESIDENT CLINTON: WRONG ON TWO COUNTS

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

Mr. BALLENGER. Mr. Speaker, President Clinton made a remarkable outburst at a dinner in Boston the other night. He said that Republicans would rather take off after the First Family than come up with a health care plan of their own.

The President was wrong on two counts.

First, Republicans don't have to take off after President and Mrs. Clinton. From the looks of things, they are doing a pretty good job of drawing negative attention to themselves without our help.

Second, Republicans do have a health care plan. Our bill was introduced in the 102d Congress. Months before Mr. Clinton was elected President. And long before his bill was drafted.

In case the President has not seen it, I will give a brief description: Unlike the Clinton plan, it includes no new taxes. No employer mandates. No new Government bureaucrats. No all-powerful, regional health care alliances. And most importantly, and unlike the Clinton plan it preserves the right of doctor choice for every American family.

Mr. Speaker, the President does a disservice to his own party and the Nation by blaming his many troubles on the Republican Party. If he wants to regain his lost credibility and save his Presidency, he is going to have to come back to reality.

□ 1010

BASELESS AND ABSURD CHARGES

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

Mr. RICHARDSON. Mr. Speaker, I rise today to ask 81 Republicans to apologize to Mrs. Clinton.

Some have charged that Mrs. Clinton unethically sought to profit from her investment in Value Partners, a limited partnership investment fund. The charge is absurd. In fact, on February 10, Stephen Potts, the Director of the Office of Government Ethics, and a Bush appointee, responded to an inquiry from several Republican Members. Potts flatly stated that there was no basis for investigating the First Lady's investment under any applicable Federal ethics laws.

In spite of that response, 1 month later, 81 House Republicans sent the Office of Government Ethics a letter asking for an investigation—a bald-faced effort to keep a nonissue alive.

Mr. Speaker. The facts on this matter are clear:

First, Mrs. Clinton has never had any input, control, or review of investment decisions made by Value Partners.

Second, Mrs. Clinton has not spoken to the investment manager, William Smith, since the summer of 1992 and did not discuss stocks with him at that time.

Third, in July of 1993, the Value Partners investment was placed in the Clinton's blind trust.

Mr. Speaker, due to the administration's policies, the economy is growing, jobs are being created and the deficit is shrinking. The Republicans cannot attack the Clintons on substance so, instead, they are hitting Mrs. Clinton with baseless and absurd charges.

THE FASCINATING WHITEWATER DEBATES

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

Mr. THOMAS of Wyoming. Mr. Speaker, I find this whole Whitewater debate and discussion fascinating. Last evening on public television there was a panel that addressed itself to the question of whether or not Mrs. Clinton, in her role as a public official, was accountable to the President and indeed accountable to the people of this country.

The defenders said, "No, she is really simply opening up a new process for presidential spouses." That is unbelievable. Anyone who is in a policymaking position has to be accountable. Those opposing an open information flow in Whitewater argue there is no allegation of wrongdoing.

That argument is also hard to believe. There are, valid or not, at least

10 or 12 questions that need to be answered ranging from taxes to shredding to RTC stonewalling. Only an open process seeking answers will lay this question to rest.

Mr. Speaker, in a democracy it must be based on credibility; a free society requires openness. Whitewater in this House must meet a code of ethical openness.

ECONOMY IMPROVES AS MIDDLE CLASS GROWS MORE SECURE

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

Mr. DERRICK. Mr. Speaker, as the economy continues to improve, Republican protests over the administration's budget policies grow more shrill, and less credible. They fear that an improving economy makes their doomsday predictions seem foolish.

They hope to cloud the air with negative rhetoric and obscure the emerging truth: The administration's policies have put the country on the right track. The economy is improving. The middle class is growing more secure.

Nonetheless, during last week's budget debate we once again heard them proclaim that our country—especially the middle class—is teetering on the brink.

Republicans posture themselves as true friends of the middle class. Last week that posture included a $500 per child tax credit for middle-class families.

It is interesting that for Republicans, middle class included families making $200,000 a year. Over 99 percent of Americans do not earn that much money. Last year's budget package increased income taxes only for families making more than $180,000 yearly. It makes you wonder just who Republicans are protecting from the Democrats.

CHILDHOOD IMMUNIZATION

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

Mrs. ROUKEMA. Mr. Speaker, today we are going to debate the balanced-budget amendment, and discuss how we go about getting our fiscal house in order by the year 2001.

Let us not go back to the future yet—let us deal today with a problem in the here and now—the appalling state of our Nation's child immunization rate. This is not some abstract fiscal concept—this is literally a matter of life and death we are playing with here.

This morning, the Centers for Disease Control [CDC] released a devastating report showing yet again that our immunization rate among young children is declining—markedly in our urban and inner-city areas.

Once more, we see that either through ignorance or apathy, too many parents are failing to get their children the immunizations they need in the first two years of life.

CDC stressed the life-saving importance of these vaccines, and stressed what I have been saying all along: When it comes time for children to start elementary school, we require immunization, and parents find a way of getting their children their shots. But it is even more important that these children get the necessary vaccines before they start school—in the first two years of life.

I call explicitly on the Children's Defense Fund, the Department of Health and Human Services, the Public Health Service and the American Academy of Pediatricians to endorse and push for passage of my legislation, the Child Immunization Incentive Act.

My bill would require parents on AFDC, to certify that their child is immunized as a condition of receiving their welfare check. Like we do with elementary school, we must tell parents that if these children aren't immunized, there's no welfare check.

It is a national disgrace, that in this country, with the best medical care on the planet, that our child immunization rates rank down with Third World nations, and that children are still dying every year from preventable illnesses!

I ask my colleagues to cosponsor my bill and reverse these appalling trends, take action, and pass the Roukema Childhood Immunization Incentive Act.

MFN FOR CHINA? NOT

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

Mr. TRAFICANT. Mr. Speaker, our trade deficit with China is now over $25 billion, the second biggest deficit we have. Year after year, Congress debates, then grants most-favored-nation trade status to China.

Now, here is what China does every year for this distinction: They violate human rights and shoot down their own students; they have dumped products in our market illegally; they deny American products from being sold in China; they sell tanks and missiles to terrorist nations who would like to destroy America.

Ladies and gentlemen, what do we do to these butchers on Tiananmen Square? We reward them.

Beam me up.

Their average wage is 17 cents an hour. This is not free trade, Congress; this is slave trade, and we are losing, we are losing.

OUR GOAL SHOULD BE PEACE IN THE MIDDLE EAST WITHOUT PHONY U.N. RESOLUTIONS INTERFERING IN THE PROCESS

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

Mr. HORN. Mr. Speaker, the United Nations is at it again. In the United Nations there is a resolution coming to strongly condemn the massacre of Palestinians in Hebron by one crazed soul. That might be understandable. Although, one might ask: When did the United Nations last condemn any massacre of Israelis? And that massacre would generally have been sponsored by a foreign government. It would not have been the actions of one man. In fact, when did the United Nations last condemn a massacre by an individual?

But what is really disturbing is that Mr. Arafat has told the American Secretary of State that he will not go back to the peace table unless Jerusalem is mentioned in the resolution. That is utter nonsense. Mr. Arafat is simply trying to change the already agreed upon process to serve his own ends.

President Clinton should instruct his Ambassador to the United Nations to veto any United Nations resolution which mentions Jerusalem and interferes with the debate that should properly occur at the peace table.

Let the parties make peace at the bargaining table without phony resolutions from the United Nations intruding on the process.

HIAA SPENDS $14 MILLION TO KILL CLINTON HEALTH PLAN

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

Mr. WISE. Mr. Speaker, I believe this chart shows a lot; you see that the Health Insurance Association of America has spent now at least $14 million in TV ads to kill the Clinton health plan, to kill guaranteed private insurance for all Americans. This injection is hurting.

But here is the ad that they do not run:

Harry and Louise sitting there talking, saying, "Gosh, Harry, why do you think they are spending $14 million to convince the American people, to tell them not to support the Clinton health plan?

"Gosh, Louise, I don't know. For instance, did you know that we may well be in one of the ranks of the uninsured, that there are 50 million-some people a year who lose health insurance?

"Gosh, Harry, what about preexisting illness? You know, the doctor said you might have a problem, and if you shift jobs, you could be one of the 80-million plus that will not be able to get insurance when you do that.

"That sounds pretty bad to me, Louise. But, Louise, what about our policy? Have you checked to see if there is a lifetime cap? Seventy-five percent of insurance policies by this Association do have lifetime caps. How about the bureaucracy argument? Have you ever tried to argue with a rock?"

The fact of the matter is insurance bureaucracy is as bad as anything, and so is this injection.

□ 1020

TRIBUTE TO VIRGINIA CLINTON KELLEY

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

Mr. DICKEY. Mr. Speaker, this time is dedicated to the memory of one of my constituents, Virginia Clinton Kelley. She was born Virginia Cassidy on June 6, 1923, in Bodcaw, AR, a small community about 12 miles from Hope. She died of cancer on January 6, 1994.

Virginia graduated from Hope High School in 1941 and went on to nursing school in Shreveport, LA, where she met and married William Jefferson Blythe III. Their son, William Jefferson Blythe IV, who is now our President, was born on August 19, 1946, a few months after his father died in an automobile accident.

Virginia obtained her certification as a nurse anesthetist at Charity Hospital in New Orleans. She then married Roger Clinton. Their family moved to Hot Springs, AR, in the early fifties where her second son, Roger, was born July 25, 1956. She worked as a nurse in Hot Springs until her retirement in 1981.

Virginia is survived by her husband, a very fine man by the name of Richard Kelley, of Hot Springs, and her two sons, Bill and Roger Clinton, and one grandchild, Chelsea Clinton.

The best quote was given by Melissa Gassaway, editor of the local Hot Springs paper, after her death: "Change was a constant in Virginia Kelley's life, yet she refused to be transformed by events large and small, catastrophic or euphoric, into someone she was not." Melissa has also said that Virginia was the "best ambassador that Hot Springs has ever had."

At her funeral she was described as an American original; she was and she stayed that way. She never let anything discourage her and she was brave at all times, even in death. To me she was a friend who accepted me even though we were of different parties, and she gave me encouragement. We will miss her.

FIRST OXFORD STYLE DEBATE

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

Mr. CARDIN. Mr. Speaker, I take the well to inform my colleagues of a very special event that will take place on the floor of the House of Representatives this evening. Mr. Speaker, tonight, instead of special orders, the House of Representatives will be holding its first Oxford style debate. I want to congratulate the Democrat and Republican leadership for their persistence in bringing us to this moment and developing this debate format. The joint leadership has sought ways of elevating the value and effectiveness of debate in the House of Representatives. Together tonight we institute a reform that all of us hope will improve the quality of debate in this legislative Chamber.

Mr. Speaker, most appropriately the topic for tonight's debate will be health care reform, and I urge my colleagues on both sides of the aisle to come here this evening, listen to the debate as we initiate the Oxford style debate on the floor of the House.

THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SERVICES

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

Mr. DUNCAN. Mr. Speaker, over and over again we see proof of this fact: If you want to do something in the most expensive and most wasteful way possible, turn it over to the Federal Government.

The Washington Post yesterday published a column attempting to justify the unbelievable expense of the Uniformed Services University of the Health Services.

According to the article, the 4-year cost for each graduate of this Federal medical school is over $463,000 per student.

This is almost four times the cost of student stipends, tuition, and fees under the Health Professions Scholarship Program, another Federal handout that is too expensive in and of itself.

Who would attempt to justify such an exorbitant and ridiculous expense?

Well, a professor at this medical school, of course.

This is more proof of something I have said many times before: The main beneficiaries of all these wonderful-sounding Federal programs are the bureaucrats who work for them.

I am pleased that the administration has recommended closing this school. This is another Federal boondoggle that the taxpayers simply cannot afford.

BALANCED BUDGET AMENDMENT

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

Mr. GRAMS. Mr. Speaker, no matter how hard Congress tries to ignore it, this country is going broke. The national debt is so huge, it has become incomprehensible, almost an irrelevancy. The ability of future generations of Americans to prosper is being handcuffed by the pathetically selfish actions of this distinguished body, which seems to care more about appeasing voters than having the courage to tell Americans that they cannot always get what they want.

This week, sounding like a broken record, President Clinton accused the Republicans of being obstructionist. So passionate, yet so phony.

Whose proposal would have balanced the budget in 6 years? The Republican alternative. Who killed it? Clinton and the Democrat leadership.

Whose proposal would have cut $90 billion in questionable spending? The Penny/Kasich package. Who killed it? Clinton and the Democrat leadership.

Whose balanced budget amendment would impose spending and taxing restraint Congress cannot muster? The Republican plan proposed by the gentleman from Texas [Mr. BARTON] and the gentleman from Arizona [Mr. KYL]. Who is trying to kill it? Clinton and the Democrat leadership.

Mr. Speaker, to President Clinton I simply say: Stop the lies, stop the lies, stop the lies, stop the lies, stop the lies.

TURNING WHITEWATER INTO BACKWATER

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

Mr. SMITH of Texas. Mr. Speaker, as each day goes by, another shoe falls in the Whitewater story. In fact Whitewater seems to have more shoes than a centipede.

Now, according to the President, Mr. Speaker, Whitewater is the Republicans' fault. Amazing. We made no investment. We did not become land speculators. We did not claim any losses on our tax returns. But somehow Whitewater is our fault.

It used to be that the buck stopped at the President's desk, but, when it comes to Whitewater, we cannot find where the buck started or stopped. Regretfully Congress is picking up on the President's bad habits. It seems the buck does not stop here either.

Despite questions that grow daily, Mr. Speaker, Congress cannot hold one hearing on even one aspect of this suspicious story. In Congress our Democrat leaders are trying to turn Whitewater into backwater. As Whitewater becomes white hot though, the Democrats are trying to white it out.

INTRODUCTION OF THE SENIOR CITIZEN HOUSING SAFETY ACT

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

Mr. BLUTE. Mr. Speaker, senior citizens in America are now living in fear. Not just because of crime on the streets, but because of crime in their own homes—public senior housing.

When this House changed Federal law to allow young drug and alcohol abusers into senior housing facilities, we brought terror into the everyday lives of elderly Americans across the country who deserve to live out their retirements in peace.

Not only are our parents and grandparents subjected to loud music and all-night parties, they are being shaken down for loans, harassed, robbed, assaulted, and raped. Police who have never had to respond to a call at a senior housing building in 10 years now find themselves there on a regular basis.

We need to change this law which allows former drug and alcohol abusers to be defined as disabled and given priority for senior housing.

I have introduced a bill, the Senior Citizen Housing Safety Act which would keep people with current or past problems with substance abuse out of public housing where elderly people reside.

We should provide treatment for drug and alcohol abusers and give them housing in appropriate facilities. We should not penalize older Americans who have worked hard, served this country, and paid taxes all their lives by making them live with this type of abuse.

□ 1030

THE JOURNAL

The SPEAKER pro tempore (Mr. MONTGOMERY). Pursuant to clause 5 of rule I, the pending business is the question of the Speaker's approval of the Journal.

The question is on the Speaker's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DERRICK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 246, nays 144, not voting 43, as follows:

[Roll No. 58]

YEAS—246

Abercrombie
Ackerman
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Applegate
Bacchus (FL)
Baesler
Barca
Barcia
Barlow
Bateman
Becerra
Beilenson
Berman
Bevill
Bilbray
Bishop
Blackwell
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (FL)
Brown (OH)
Bryant
Byrne
Cantwell
Cardin
Carr
Chapman
Clayton
Clement
Clyburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Coppersmith
Coyne
Cramer
Danner
Darden
de la Garza
Deal
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Dicks
Dingell
Dooley
Durbin
Edwards (CA)
Edwards (TX)
Ehlers
English
Eshoo
Everett
Fazio
Fields (LA)
Filner
Fingerhut
Flake
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gillmor
Gilman
Glickman
Gonzalez
Gordon
Greenwood
Hall (OH)
Hall (TX)
Hamburg
Hamilton
Harman
Hayes
Hefner
Hilliard
Hinchey
Hoagland
Hochbrueckner
Holden
Houghton
Hoyer
Hughes
Hutto
Hyde
Inglis
Inslee
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kingston
Kleczka
Klein
Kopetski
Kreidler
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lehman
Levin
Lewis (GA)
Livingston
Lloyd
Long
Lowey
Maloney
Mann
Manton
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCloskey
McCrery
McCurdy
McDermott
McHale
McInnis
McNulty
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Myers
Nadler
Neal (MA)
Neal (NC)
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Parker
Pastor
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Pombo
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reed
Richardson
Roemer
Rose
Rowland
Roybal-Allard
Sabo
Sanders
Sangmeister
Sarpalius
Sawyer
Schenk
Schumer
Scott
Serrano
Sharp
Shepherd
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (IA)
Smith (NJ)
Spence
Spratt
Stark
Stenholm
Stokes
Strickland
Studds
Stupak
Swett
Swift
Synar
Tanner
Tauzin
Tejeda
Thomas (WY)
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Tucker
Unsoeld
Valentine
Velazquez
Vento
Visclosky
Volkmer
Waters
Watt
Waxman
Wheat
Wilson
Wise
Woolsey
Wyden
Wynn

NAYS—144

Allard
Armey
Bachus (AL)
Baker (CA)
Ballenger
Barrett (NE)
Bartlett
Barton
Bentley
Bereuter
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bunning
Burton
Buyer
Calvert
Camp
Canady
Castle
Clay
Clinger
Coble
Cox
Crapo
Cunningham
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Emerson
Fawell
Fields (TX)
Fowler
Franks (CT)
Franks (NJ)
Gallegly
Gekas
Gilchrest
Goodlatte
Goodling
Goss
Grams
Grandy
Gunderson
Hancock
Hansen
Hastert
Hefley
Herger
Hobson
Hoekstra
Hoke
Horn
Hunter
Hutchinson
Inhofe
Istook
Jacobs
Johnson (CT)
Johnson, Sam
Kim
King
Klug
Knollenberg
Kolbe
Kyl
Lazio
Leach
Levy
Lewis (CA)
Lewis (FL)
Lightfoot
Linder
Machtley
Manzullo
McCandless
McCollum
McDade
McHugh
McKeon
McMillan
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Morella
Murphy
Nussle
Oxley
Packard
Paxon
Petri
Portman
Pryce (OH)
Quillen
Ramstad
Ravenel
Regula
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Santorum
Saxton
Schaefer
Schiff
Schroeder
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (OR)
Smith (TX)
Snowe
Solomon
Stearns
Stump
Sundquist
Talent
Taylor (MS)
Thomas (CA)
Torkildsen
Upton
Vucanovich
Walker
Walsh
Weldon
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—43

Archer
Baker (LA)
Barrett (WI)
Bonilla
Brown (CA)
Callahan
Costello
Crane
Dixon
Dornan
Engel
Evans
Ewing
Farr
Fish
Ford (MI)
Ford (TN)
Gallo
Gibbons
Gingrich
Green
Gutierrez
Hastings
Huffington
Jefferson
Klink
Lipinski
McKinney
Meehan
Michel
Natcher
Payne (NJ)
Porter
Quinn
Reynolds
Ridge
Rostenkowski
Rush
Taylor (NC)
Washington
Whitten
Williams
Yates

□ 1100

Mr. TAYLOR of Mississippi and Mr. BACHUS of Alabama changed their vote from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

APPOINTMENT OF CONFEREES ON S. 1284, DEVELOPMENTAL DISABILITIES ASSISTANCE AND BILL OF RIGHTS ACT AMENDMENTS OF 1993

Mr. WAXMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1284) to amend the Development Disabilities Assistance and Bill of Rights Act to expand or modify certain provisions relating to programs for individuals with developmental disabilities, Federal assistance for priority area activities for individuals with developmental disabilities, protection and advocacy of individual rights, university affiliated programs, and projects of national significance, and for other purposes, with House amendments thereto, insist on

the House amendments, and agree to the conference asked by the Senate.

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

Mr. MOORHEAD. Mr. Speaker, reserving the right to object, I shall not object, but I take this reservation for the purpose of asking the gentleman from California [Mr. WAXMAN] to explain his reasons for this request.

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

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

Mr. WAXMAN. Mr. Speaker, we have made this request so that the House and Senate can go into conference on the Developmental Disabilities Assistance Act and Bill of Rights Amendments. There are differences in the two versions, and this request is to take the bill up and go to conference, with conferees appointed from both sides of the aisle.

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

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none, and without objection, appoints the following conferees: Messrs. DINGELL, WAXMAN, BROWN of Ohio, MOORHEAD, and BLILEY.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2884, SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1993

Mr. KILDEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2884) to establish a national framework for the development of School-to-Work Opportunities systems in all States, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

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

Mr. GOODLING. Mr. Speaker, reserving the right to object, and I shall not object, I reserve the right to say we have no objection to the request.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan? The Chair hears none, and without objection, appoints the following conferees: Messrs. KILDEE, WILLIAMS, GOODLING, and GUNDERSON.

There was no objection.

PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 103, BALANCED BUDGET CONSTITUTIONAL AMENDMENT

Mr. STENHOLM. Mr. Speaker, pursuant to the order of the House of March 11, 1994, I call up the resolution (H. Res. 331) providing for the consideration of the joint resolution (H.J. Res. 103) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 331

Resolved, That immediately upon the adoption of this resolution the House shall resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 103) proposing an amendment to the Constitution to provide for a balanced budget for the United States Government and for greater accountability in the enactment of tax legislation, all points of order against the joint resolution and against its consideration are hereby waived, and the first reading of the joint resolution shall be dispensed with. After general debate, which shall be confined to the joint resolution and which shall not exceed nine hours, to be equally divided and controlled among Representative Brooks of Texas, Representative Fish of New York, and Representative Stenholm of Texas, or their designees, the joint resolution shall be considered for amendment under the five-minute rule. No amendment to the joint resolution shall be in order in the House or the Committee of the Whole except for the following amendments, which shall be considered only in the following order:

(a) An amendment in the nature of a substitute by Representative Kyl of Arizona;

(b) An amendment in the nature of a substitute by Representative Barton of Texas;

(c) An amendment in the nature of a substitute by Representative Brooks of Texas;

(d) An amendment in the nature of a substitute by any Member, which shall be the text of any comparable joint resolution as passed by the Senate;

(e) An amendment in the nature of a substitute by Representative Stenholm of Texas;

Each amendment may be offered only by the named proponent or a designee, shall be in order notwithstanding the adoption of a previous amendment in the nature of a substitute, shall be considered as read only if printed in the Congressional Record at least three legislative days prior to its consideration, shall be debatable for not to exceed one-hour to be equally divided and controlled by the proponent and a member opposed thereto, and shall not be subject to an amendment in the House or in the Committee of the Whole. If more than one amendment in the nature of a substitute is adopted, only the last to be adopted shall be considered as finally adopted and reported to the House. At the conclusion of the consideration of the joint resolution to the House with such amendment as may have been finally adopted. The previous question shall be considered to be ordered on the joint resolution and such amendment thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

SEC. 2. If on any day the Committee rises and reports that it has come to no resolution on the joint resolution, the House shall, on the next legislative day immediately following House approval of the Journal, resolve itself into the Committee of the Whole on the State of the Union for the further consideration of the joint resolution.

SEC. 3. If a comparable joint resolution has been passed by the Senate, it shall be in order at any time after completion of House consideration of H.J. Res. 103 for Representative Stenholm or his designee to move for immediate consideration in the House of one such Senate Joint Resolution. Such joint resolution shall be debatable for no longer than one hour to be equally divided and controlled by a proponent and an opponent. The previous question shall be considered as having been ordered on the joint resolution to final passage without intervening motion except: (1) a motion that the House strike all after the resolving clause and insert in lieu thereof the provisions of H.J. Res. 103, as passed by the House, if offered only by Representative Stenholm of Texas or a designee, which motion shall not be separately debatable and against which motion all points of order are waived; and (2) one motion to recommit, with or without instructions.

SEC. 4. Consideration, in accordance with the provisions of this resolution, of the joint resolution and any comparable joint resolution passed by the Senate shall be a matter of highest privilege in the House and shall take precedence over any other motion, business, or order of the House, and the House shall proceed with such consideration to final passage, without the intervention of any other motion, order, or business, except a motion to adjourn, or as otherwise provided for in this resolution.

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

Mr. STENHOLM. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the distinguished gentleman from Massachusetts [Mr. MOAKLEY], the chairman of the Committee on Rules, and 15 minutes to the gentleman from New York [Mr. SOLOMON].

Mr. Speaker, I ask unanimous consent that both the gentleman from Massachusetts [Mr. MOAKLEY] and the gentleman from New York [Mr. SOLOMON] be granted authority to control the time yielded to them.

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

There was no objection.

Mr. STENHOLM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 331, the rule which 218 Members of this body discharged on February 24, allows for a full debate of the major alternative proposals for a balanced-budget amendment to the U.S. Constitution. By unanimous consent, that rule has been amended to reduce the general debate time from 9 hours to 6 hours, with the time equally divided and controlled by Representative BROOKS of Texas, Representative FISH of New York, and Representative STENHOLM of Texas, or their designees.

It will be in order to consider of the following four amendments in the nature of substitutes, in king-of-the-hill fashion:

a. A substitute offered by Mr. KYL, or his designee. Debatable for 1 hour.

b. A substitute offered by Representative BARTON, or his designee. Debatable for 1 hour.

c. A substitute offered by Mr. WISE, who is the designee of Mr. BROOKS, chairman of the Judiciary Committee. Debatable for 1 hour.

d. A substitute offered by Mr. STENHOLM, principal sponsor of H.J. Res. 103. Debatable for 1 hour.

Of course, passage of any amendment in the nature of a substitute can be accomplished with a simple majority vote. Final passage of the constitutional amendment, however, requires a two-thirds vote.

A motion to recommit, with or without instructions, is permitted.

Once begun, consideration of House Joint Resolution 103 is a matter of the highest privilege and must be completed without the intervention of any other motion, order, or business.

In drafting this rule, the supporters of House Joint Resolution 103, the Stenholm-Smith amendment, have guaranteed adequate time for a full and complete debate on all of the leading approaches to a balanced-budget constitutional amendment. In fact, we guaranteed the right to consideration of one amendment, the Wise substitute, which had not been drafted, or even conceived, at the time the rule was introduced. We feel that Members of both parties and all ideologies will have an opportunity to clearly and publicly express their positions on the various constitutional amendment options.

This rule is fair, it is complete, and it already has been supported by the 218 Members who signed the discharge petition. I urge all of my colleagues to support House Resolution 331.

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

□ 1110

Mr. MOAKLEY. Mr. Speaker, I thank the gentleman from Texas for yielding me time, and I yield myself such time as I may consume.

Although Mr. STENHOLM has worked hard to discharge this rule from the committee I chair, he has been at all times honorable and candid and I appreciate the way he has handled the situation.

Mr. Speaker, this is the way the House is supposed to work; this is a majority rule institution. The purpose of the discharge rule, the purpose of all the rules and traditions of the House, is to guarantee that a determined majority will prevail.

If a majority of the House wishes to consider this constitutional amendment, they can and they will.

But, Mr. Speaker, I cannot support this particular rule. The division of time is unfair, the restriction on amendments is ill-considered and other elements of the rule are unjustified.

Look at the amendments. This is the same rule as was discharged last Congress. It makes in order four substitutes to be offered by the same four Members or their designees as in the last Congress and in the same order as before: Mr. KYL, Mr. BARTON, Mr. BROOKS, and then Mr. STENHOLM.

Mr. Speaker, there are more than 100 new Members. Why do they not get a shot? We should not make available only the same four slots until we at least ask whether the freshmen or other Members have some new ideas. Representative MARGOLIES-MEZVINSKY wants to offer an amendment; this rule denies her the opportunity. Are there others? We can not be sure. So I say this restrictive rule is ill-considered.

And frankly, Mr. Speaker, I am surprised that Members on the other side of the aisle will support this rule, essentially in lock step. Consider the motion to recommit. The four substitutes are the only amendments that may be offered.

The restriction on amendments applies both in the Committee of the Whole and in the House. Members of the minority support a rule limiting the instructions available on the motion to recommit—that comes as a real surprise to me. There are some tricks here even I never considered. I think I will just have to file this one away.

But I am a realist. The gentleman from Texas filed a discharge petition, got his 218 signatures the very same day—in fact 2 hours quicker than his last Olympic record time—and here we are. This rule will pass. Members are eager to move on to debate the constitutional amendment, not the rule.

Mr. Speaker, I do not support a constitutional amendment to require a balanced budget. A balanced budget is not always the right thing to do. Even the proponents admit as much. The spending cuts and burdensome tax hikes necessary to reach a balanced budget this year would cripple even this growing economy.

No one seriously calls for a balanced budget this year. If we agree it would be dangerous to balance the budget today, balancing the budget may also be dangerous tomorrow and it ought not to be required by the Constitution.

Proponents of the constitutional amendment say that States and local governments, businesses, and families must all balance their budgets. Why should not the Federal Government also balance its budget?

Many States have a balanced budget constitutional amendment. But even those States borrow from the public. I challenge you to name a single State that has never issued bonds of any sort. You cannot do it. They all borrow. And the best businesses borrow to expand and modernize. Decent families borrow to buy a house or a car or to pay for their kids' education.

The point is there is nothing wrong with borrowing if it is for good purposes.

But the Federal Government borrows too much. Notice it is the size of the deficit we should object to, not the mere fact that we borrow at all. We have grown accustomed to a deficit that is much too large.

Deficits this size drag down economic growth, lower our standard of living, weaken our competitive position, and constrain our ability to answer our domestic and international needs.

But if the size of the deficit is the problem, there can be no substitute for real deficit reduction. No mandate established in the Constitution, no pretty new procedure set forth in the law of the land, can do the work of real changes in our spending habits and our tax policies.

The best face proponents put on the constitutional amendment is to say it will fortify our will to do the right thing. The right thing, of course, is deficit reduction of the sort we passed—barely—last year.

It was not easy, but we passed the largest real deficit reduction package in history and the economy is showing signs of strength because of it—without any constitutional amendment in place. If more is needed, we can do it again, without the help of a constitutional amendment.

And if you thought it was hard to vote for deficit reduction on the order of $500 billion over 5 years, think about what is needed to get to a balanced budget. The choices are stark: attack Social Security, hike taxes significantly, or slash discretionary programs.

Using the Solomon budget as a model, that means: eliminating crop price supports, throwing off hundreds of thousands of disabled children from the SSI program, eliminating financial assistance to local governments to help them comply with Clean Water standards, substantially raising Government fees, and selling off Government assets at fire sale prices.

In the abstract a balanced budget for all times sounds good. In practice, right now, it is not something I can vote for so how can I, in good conscience, make it a constitutional requirement?

Norm Ornstein recently wrote an article asking why contemporary conservatives so often turn to constitutional amendments to state their policy preferences. He doubts the wisdom of a balanced budget constitutional amendment, arguing:

> There are many conditions, short of all-out war or deep depression, when balancing the budget would be foolish and self-destructive. Prohibition should have taught the bitter lesson that one should not constitutionalize a policy preference.

In my view, Mr. Speaker, setting fiscal policy is a normal political decision to be made each year.

So we come full circle to the issue of majority rule in the House of Rep-

resentatives. I began by stating that I am an enthusiastic advocate for the principle of majority rule: If a majority of this House wishes to debate a balanced budget constitutional amendment, we can and will. And if a majority in this House believes the deficit is too high, we can and we should reduce it. But if a majority in the House disagree, the Constitution should not insist upon a contrary policy, should not bar the majority from considering the budget that constrains or stimulates fiscal policy as lawmakers and citizens of the day see fit.

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

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume. I thank my good friend, the gentleman from Texas [Mr. STENHOLM], for yielding the committee chairman and myself some of his time.

Mr. Speaker, I rise in support of this rule and in support of the balanced budget constitutional amendment.

First, we need to be clear about the nature of the problem. The debt we are dumping on our children and grandchildren is increasing every day. As we debate here, the debt is increasing at $433,000 per minute, or stated another way, more than $7,000 per second. And those numbers would be worse if we were not including the surplus in the Social Security trust funds as an offset, which we never should do.

Mr. Speaker, the problem is not going away. Even by the projections of the House Budget Committee, we will add hundreds of billions of dollars to the debt every year, and the amount we are adding to the debt each year is projected to increase in fiscal year 1997 and the years following.

Mr. Speaker, some of the other side of this issue have charged that the balanced budget constitutional amendment is somehow a gimmick, and Congress can handle the problem at any time by acting responsibly to control its big spending ways.

Well, Mr. Speaker, last week, during the consideration of the budget resolution, I gave this House an opportunity to vote for a responsible budget plan which would have led to a balanced budget in 5 years. It provided for tough spending cuts, and it included language saying that if Congress did not like the specific spending modifications proposed, it could always substitute others.

Did it pass? Not on your life. What this tells me is this; if we are ever going to control runaway spending around here, it is going to take something more than we have had to this point. We are actually going to have to amend the U.S. Constitution to make it more difficult to overspend.

Mr. Speaker, amending the Constitution is a serious step which should never be taken lightly. But over the years we have tried a number of different legislative solutions and none of them have worked.

Thomas Jefferson was right when he expressed regret that the Constitution did not include a restriction on borrowing. And Mr. Speaker, if Thomas Jefferson could only see us now, like a bunch of drunken sailors on a never-ending spending spree.

Mr. Speaker, other opponents of this proposal have argued that if will somehow put Congress in a straitjacket, and Congress will not be able to respond properly in case of emergency. This is not true. The constitutional amendment proposed by the gentleman from Texas [Mr. STENHOLM] allows flexibility.

The first section provides, and I quote:

> Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide a law for a specific excess of outlays over receipts by a rollcall vote.

If an emergency arises, Congress will be able to respond by a three-fifths rollcall vote. The proposed amendment strikes a fair balance between prohibiting deficits on the one hand, and allowing needed flexibility on the other hand.

Mr. Speaker, with regard to the procedure we will be following to consider the proposed constitutional amendment, the rule discharged from the Rules Committee was modified by a unanimous consent on the floor last Friday.

As modified, the rule will allow for a total of 6 hours of general debate. Representative BROOKS of Texas, Representative FISH of New York, and Representative STENHOLM of Texas, will each control 2 hours of general debate.

Then there will be an hour of debate on the Kyl substitute followed by a vote on that substitute. The other substitute would then be put over until Thursday.

On Thursday, the House will consider the Barton substitute for 1 hour followed by a vote, the Wise-Price-Pomeroy substitute for 1 hour followed by a vote, and finally the Stenholm balanced budget amendment for 1 hour followed by a vote.

The last one to receive a majority vote would be reported back to the House. There would be a motion to recommit followed by a vote on passage.

Mr. Speaker, this rule allows a fair procedure to consider a range of alternative solutions to the problem of runaway deficits.

If we are concerned about the future of this Nation, we should support this rule and ultimately the Stenholm balanced budget constitutional amendment.

□ 1120

Mr. STENHOLM. Mr. Speaker, I yield myself 1½ minutes in order to respond to the chairman of the Committee on Rules' opening statement.

First off, I appreciate the kind things that the chairman has said about me, and I reciprocate. In all of my time before the Committee on Rules I have never been treated in what I consider to be an unfair manner. I have been denied my wishes from time to time, but in all instances in which we have been denied our wishes, the chairman has acted in a very gentlemanly manner.

Sometimes he is, I am sure, denied his own wishes in the process of the House, and in that spirit we certainly can continue to function in this House.

I would say, though, that regarding other amendments that could or should or would have been offered today, I would hope that all would realize that the amendments that we make in order today have been worked on since 1983. The Committee on the Judiciary has held hearings. All of the amendments that have been made in order have been subject at least at one time or another to a hearing of the appropriate committee.

That is why we choose to allow them, as we did 2 years ago. We believe they have met the test. We filed the rule on January 25; anyone who had an amendment, who wanted an amendment to be considered prior to the discharge, would have received a full hearing from Mr. SMITH and myself and the other sponsors of the legislation.

We believe that amending the Constitution is a very serious endeavor and should be handled in that way, and we believe the rule that we have proposed today treats the Constitution with that amount of respect.

I know there are other ideas now, and we welcome new ideas regarding how we deal with the problem before us. I assure you those who feel like that they have been denied that right today, that is not our intention. Had we known about them, we would have certainly listened and heard them.

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

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentlewoman from Pennsylvania [Ms. MARGOLIES-MEZVINSKY].

Ms. MARGOLIES-MEZVINSKY. Mr. Speaker, I thank the committee chairman for yielding this time to me.

Mr. Speaker, I rise today to ask that when the time comes to vote on the previous question, I hope that you will join with me to defeat this, so that the rule might be amended so that I may offer my amendment. This amendment would require that we balance the budget for 2 consecutive years prior to consideration of an amendment to the Constitution.

Mr. SOLOMON. Mr. Speaker, I was trying to listen attentively to the request of the gentlewoman from Pennsylvania. Mr. Speaker, that is a rules change, I believe, and I do not know

that we received any letter from the gentlewoman in the Committee on Rules, and I do not think it would be germane to a rule because it is changing the House rule that does not deal with a constitutional amendment.

I would like to discuss that on the side, perhaps, and find out where that stands.

Mr. Speaker, the gentleman from Oregon [Mr. SMITH] is one of the Members of whom we are most proud in this body, and he has chosen to retire at an early age. He has been a great leader on this balanced budget issue over all his career, and we are going to miss him.

Mr. Speaker, I yield 2½ minutes to the gentleman from Oregon [Mr. SMITH].

Mr. SMITH of Oregon. I thank the gentleman for yielding this time to me and for his kind words.

Mr. Speaker, I rise in support of the rule and passage of the Stenholm-Smith balanced budget amendment to the Constitution.

Three weeks ago, with the help of 216 of our colleagues, we were successful in discharging this rule in 6 hours and 45 minutes, the second fastest discharge in congressional history. Given this fact, words are not needed to describe the enthusiasm Members have for a Constitutional amendment to require a balanced Federal budget.

The rule before us provides for the full and fair consideration of several versions of the balanced budget amendment. The consideration of the Kyl substitute, the Barton substitute, the Wise substitute, and the Stenholm-Smith amendment will provide the Members with a chance to express their views on the different approaches that can be taken to force Congress to balance the budget.

The Kyl and Barton substitutes, which have strong spending-limitation and tax-limitation provisions, are attractive alternatives that I intend to support in addition to the amendment I will be offering with Mr. STENHOLM. I am confident that upon careful scrutiny, it will be clear that the Wise substitute is not only unsuitable for the Constitution, but also for those seeking political cover to avoid the American people's intolerance with continued opposition to the balanced budget amendment. I am confident that the American people will see this amendment for what it is—a shill for those who oppose the balanced budget amendment and fear the consequences.

Mr. Speaker, in 1990 the House rejected the balanced budget amendment by seven votes and the Federal debt was $3.1 trillion. In 1992, the House rejected the balanced budget amendment by nine votes and the Federal debt was $4 trillion. Now, despite the passage of two more statutory deficit reduction packages, the Federal debt is expected to reach $4.6 trillion by the end of fiscal year 1994.

Enough is enough. The time has come to force Congress to change its habits, and this can only be accomplished with a Constitutional mandate. This rule provides us the opportunity to make an institutional change that will force results.

Mr. Speaker, I urge the Members to support the rule.

□ 1130

Mr. STENHOLM. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. BROWDER], one of our hardest-working proponents of the balanced budget amendment. He has done yeoman's work on behalf of getting us to this point.

Mr. BROWDER. Mr. Speaker, I rise in support of this rule and in strong support of a balanced budget amendment. Opponents of the balanced budget amendment are telling us this is gimmickry. That we should not try to amend the Constitution to force fiscal responsibility on the Federal Government.

We will not amend the Constitution with this vote. The Senate still must vote again. The States must vote to ratify it. The vote today will further a national debate on the role of the Federal Government, the role of Federal fiscal policy, and our responsibility to future generations.

Mr. Speaker, defeat of this rule would stop that debate. That would be a shame for our Nation that is demanding action by this House and for our future.

This House and this Nation need this debate. Support the rule.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Sanibel, FL [Mr. GOSS], a very valued member of the Committee on Rules who has been a strong supporter of the balanced budget amendment since he first came here.

Mr. GOSS. Mr. Speaker, I commend the bipartisan teamwork of the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH] on this. Obviously it is their extra efforts and special wisdom that has got this crucial debate to the House floor. Today's discussion is a direct result of the first successful discharge petition under the new rules of sunshine, the effort of the gentleman from Oklahoma [Mr. INHOFE] that has also paid off, and I think deliberate democracy exists today, and I think this institution is better off because of it.

The bottom line is though that we have not done our jobs. In fact, there has been a deficit in the Federal Government's accounts for 56 of the last 64 years, including every year of the last quarter century. These deficits have generated a national debt of $4 trillion, now on the way to $6 trillion under the so-called deficit reduction plan of the Clinton administration. It is no wonder that 7 out of 10 Americans support a balanced budget amendment. They are tired of the Washington version of Scarlett O'Hara's famous theme line when confronted with trouble:

"I won't think about that today; I'll think about it tomorrow."

Tomorrow, of course, never arrives. That was fiction; this is fact. Only one-fifth of the House Members summoned the courage to vote for a specific balanced budget plan last week, a plan that did not raise taxes or touch Social Security, a plan offered by my friend and colleague, the gentleman from New York [Mr. SOLOMON] of the Committee on Rules. Many of my colleagues say a constitutional amendment is not necessary to balance the budget—but 80 percent of Americans will discover that their Member avoided the responsibility when given a chance last week to vote for a specific plan to cut spending. If we pass a constitutional balanced budget amendment with teeth, we impose a non-waivable, not-repealable mandate that the budget be brought into line. But we will still have to do the hard work. Responsible government is not easy, and that means casting the votes to cut the spending.

Mr. Speaker, I want to see this supported, and I want to respond to the gentleman from Massachusetts [Mr. MOAKLEY] who I admire and respect greatly. He has likened this matter to the Volstead Act, that we are inebriated on red ink here. We are indeed inebriated on red ink here, and we need to change our ways, and I wish we could do it without a constitutional amendment. I would be delighted if we could get this done without a constitutional amendment, but the history of last week and previous years here suggest we cannot. I do not like constitutional amendments, but I do not like bankrupting the United States of America at all, and that is a worse option, and I believe that is the option in front of us.

Going further, the chairman has said that we should not have a policy question like this available, put into the Constitution, and I agree with him generally. But I would suggest that balancing the budget is not a policy option. I suspect that most Americans would feel that balancing the budget is a requirement of responsible public service. I am the first to say that the options of cutting spending, raising taxes, providing for emergency situations such as war, pestilence and plague ought to be provided for in a good balanced budget amendment, but I think that most Americans are at the point where they agree that the Nation is sufficiently imperiled and worthy of a constitutional amendment.

Mr. SOLOMON. Mr. Speaker, I am going to yield back my time with a brief statement just to say that the House majority has worked its will. That is what brought this rule to the floor, and that is why we should support the passage of the rule.

Again, Mr. Speaker, I am not happy with the king-of-the-hill provision. Other people are not happy with certain provisions. But the fact is the House was allowed to work its will. More than 218 Members did sign the discharge petition. That is why it is here.

Mr. Speaker, that is why we should vote for this rule and against any other procedural motion that might be brought before us this morning.

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

Mr. MOAKLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, something must really be going on at the Committee on Rules when they give me 10 minutes. My God, they might even have said that I could delegate some of that time to my friends.

But with that in mind, Mr. Speaker, I cosponsored the balanced budget amendment. I did so because there are so many supporters who believe very seriously that that is exactly what our Nation needs.

I personally do not believe so and will vote against this balanced budget amendment for the following reasons:

Now I do not know if that makes any sense to my colleagues, but see if this might make any sense:

The Constitution empowers the Congress of the United States to govern and manage the people's Republic. Today the Congress of the United States wants to give back that empowerment so that the Constitution might govern whether they have failed.

Think about that.

This in my opinion is the ultimate cop-out, the ultimate surrender, the ultimate concession, the ultimate PTB—pass the buck—ploy, my colleagues.

□ 1140

This is no insult or denegration to the gentleman from Texas [Mr. STENHOLM], the gentleman from Oregon [Mr. SMITH], or any one of my friends on the other side of the aisle. Their reasons are noble. They believe they are right, and so help me God, the Constitution is not going to straighten out America. It is the Congress of the United States, and the Congress of the United States cannot turn it back to the Constitution out of despair and political fear to maintain its own particular standing. There is already enough deceit and smoke and mirrors with this budget process, I say to the Members, and let me say this today: If Congress would pass a balanced-budget amendment to the Constitution, the Congress of the United States would have to use the Hubbell telescope just to read the small print that will be coming out of OMB, I believe it will be that bad.

But let us think for a minute. It is not the Constitution; it is the trade laws that kill our jobs. It is not the Constitution; it is foreign aid. We borrow money, then we give it away.

It is not the Constitution; it is overregulation of our industry and small business that kills them and makes them unprofitable and kills our exports. It is not the Constitution; it is the EPA. It is not the Constitution; it is OSHA. It is not the Constitution; it is the Internal Revenue Service. It is not the Constitution; it is the tax laws of America. I say to the Congress it is a tax law that rewards dependency, penalizes achievement, kills investment, kills our exports, gives carte blanche to our imports, with most-favored-nation treaty status to China that sells missiles and weapons and tanks to our outlaw terrorist enemies. Beam me up, folks.

Congress should not change the Constitution. Congress should change the tax laws and the laws in America that are destroying our country.

There is one thing, and I say to the Members this might be my opinion, but I do not think it is the Constitution; I think it is the politicians, the politicians that now want to use the Constitution 10 years from now as a scapegoat for what Congress is afraid to do now.

I may not have the best voting record around here on this so-called balanced budget business, but I will be damned if I am going to vote to continue to cut back in America and close American bases while we leave those bases open overseas.

So, yes, there has to be some philosophy here as to how we are going to come together, but the bottom line is we have the Tax Code that kills our country, helps everybody else, and now they are going to change the Constitution. I think the American people have a little bit more sense than that.

I say to the gentleman from Texas [Mr. STENHOLM], that is not his purpose, and I know that. I do not want him to be offended by my remarks. I, in fact, signed that discharge petition because of my tremendous respect for the gentleman, and I think somewhere down the line I am going to come forward and vote for the things he is doing, because they are right. But I do not think we should tamper with the Constitution to do it.

Mr. STENHOLM. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. KYL].

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

I primarily wanted to speak in support of this rule and thank the gentleman from Texas [Mr. STENHOLM] and my colleague, the gentleman from Oregon [Mr. SMITH], for working with us to craft a rule which will enable this body to vote on four separate proposals. The first one to be voted on is the Kyl amendment. It is a balanced budget amendment that achieves the objective by limiting Federal spending, and it also contains the line-item veto.

I also plan to support the Barton-Tauzin amendment and the Stenholm-Smith amendment.

Again, Mr. Speaker, I urge my colleagues to support this rule because it provides meaningful debate time on this important subject. It provides a meaningful vote on four different kinds of proposals to achieve the objective in different ways.

For those who say this is a meaningless exercise because the Senate after all defeated a balanced budget amendment, I say this exercise today, because of the way the rule was crafted, allows us an opportunity to consider good ideas as to how to achieve this objective so that, even if it does not happen this year, we will be better informed and be prepared to vote on a constitutional balanced budget amendment next year.

Mr. Speaker, I support the rule, and I thank the gentleman from Texas and the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield myself the balance of my time in order to close the debate on the rule.

First, let me acknowledge the closing statement of my colleague, the gentleman from Ohio [Mr. TRAFICANT] in which he urged opposition because of his belief that the Constitution should not be amended for this purpose. I respect that reason by any Member for opposing this amendment today.

Mr. Speaker, over the past month since the Senate began consideration of our companion resolution authored by Senator SIMON, a great deal has been said about balanced budget constitutional amendments. We've witnessed historical dissertations, ideological abstractions, political conversions, irrational predictions, and every now and then, even a few humorous convulsions.

After all of this, if I could rub the magic genie's bottle and have my wishes for the next 2 days' deliberations come true, you might assume that I would wish for a magical victory for House Joint Resolution 103. In truth, what I hope for, above all, is that the level of this debate rise to the standard deserved whenever Congress considers amending our most precious national document, the U.S. Constitution.

I would wish that as a nation we would look seriously at the hard work we have before us in protecting our children's future.

I would wish that we could, for once, go beyond the political demagoguery about certain sacred issues which push us farther and farther down the path of fiscal irresponsibility.

I would wish that intellectual honesty, moral integrity, and personal responsibility would guide the words each of us speak to such a degree that political expediency and alarmist exaggerations were shamed into hiding.

Because when these 2 days are over, regardless of the final outcome of these votes, we will find ourselves still facing the cancer of debt which is destroying the fiscal flesh and bones of our country. Regardless of whether you vote "yea" or "nay" on House Joint Resolution 103, each individual Member must be willing to say, "This is what I did today to make our country a better place." BOB WISE will go home to tell Robert and Alexandra "This is how I protected your futures today" in just the same way I will be thinking about Chris and Cary and Courtney—and hopefully some unnamed grandchildren down the path. JOE BARTON will be picturing Brad, Allison, and Kristin, just as JOE KENNEDY will be cherishing his hopes for Joseph III and Matthew.

But for those children's sakes, for the thousands of high school students that are touring the Capitol this very week during their spring breaks, for the millions of children across the country, I appeal to both sides, let us deliberate this issue straightforwardly and honestly. Especially to the freshman Members I would say, please evaluate this issue on its merits, not on its internal or external politics. There is no such thing as an easy vote on a constitutional amendment. If you believe that a constitutional amendment to balance the budget is a mistake, then by all means vote "no." If you think we need only a constitutional nudge rather than a constitutional mandate, then vote for the Wise amendment. If your 15 months in Congress have led you to believe, as my 15 years have led me to believe, that nothing short of a strong, enforceable amendment will protect our children's future, then vote for the Stenholm-Smith amendment. But don't let anyone talk you into believing this vote is meaningless.

I come here prepared to work hard these next 2 days and my hope is that the hard work will pay off with 290 votes on final passage. But come Friday, I'll have the same gameplan whether my amendment wins or loses. Regardless of how many votes there are, I'll be working hard for the rest of the year to chip away at our monstrous deficit. Next week I'll be working with JOE KENNEDY to develop the heart of the Concord Coalition's zero-deficit plan. This spring I'll be working with MIKE PARKER and BILL ORTON to push for some of those budget process reforms we had wanted to get included in the budget resolution. All summer I'll be working with TIM PENNY to dig out that appropriations pork which oinks its way into the process every year.

My wish is that even those who vote against the constitutional amendment—in fact, especially those who vote against a constitutional amendment—are ready to say, "This is what I did this Congress, this year, this day, to take the debt off of my children's shoulders."

Let the work begin.

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

The previous question was ordered.

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

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 387, nays 22, not voting 24, as follows:

[Roll No. 59]

YEAS—387

Abercrombie	Coleman	Gilchrest
Ackerman	Collins (GA)	Gillmor
Allard	Collins (IL)	Gilman
Andrews (ME)	Collins (MI)	Gingrich
Andrews (NJ)	Combest	Glickman
Andrews (TX)	Condit	Gonzalez
Applegate	Conyers	Goodlatte
Archer	Cooper	Goodling
Armey	Coppersmith	Gordon
Bacchus (FL)	Costello	Goss
Bachus (AL)	Cox	Grams
Baesler	Coyne	Greenwood
Baker (CA)	Cramer	Gunderson
Baker (LA)	Crapo	Hall (OH)
Ballenger	Danner	Hall (TX)
Barca	Darden	Hamburg
Barcia	de la Garza	Hamilton
Barlow	Deal	Hancock
Barrett (NE)	DeFazio	Hansen
Barrett (WI)	DeLauro	Harman
Bartlett	DeLay	Hastert
Barton	Derrick	Hayes
Bateman	Deutsch	Hefley
Becerra	Diaz-Balart	Hefner
Bentley	Dickey	Herger
Bereuter	Dicks	Hoagland
Berman	Dingell	Hobson
Bevill	Dooley	Hochbrueckner
Bilbray	Doolittle	Hoekstra
Bilirakis	Dornan	Hoke
Bishop	Dreier	Holden
Blackwell	Duncan	Horn
Bliley	Dunn	Houghton
Blute	Durbin	Hoyer
Boehlert	Edwards (CA)	Hughes
Boehner	Edwards (TX)	Hunter
Bonilla	Ehlers	Hutchinson
Borski	Emerson	Hutto
Boucher	Engel	Hyde
Brewster	English	Inglis
Brooks	Eshoo	Inhofe
Browder	Everett	Inslee
Brown (CA)	Ewing	Istook
Brown (FL)	Fawell	Jacobs
Brown (OH)	Fields (LA)	Jefferson
Bryant	Fields (TX)	Johnson (GA)
Bunning	Filner	Johnson (SD)
Burton	Fingerhut	Johnson, E. B.
Buyer	Fish	Johnson, Sam
Byrne	Flake	Johnston
Callahan	Foglietta	Kanjorski
Calvert	Ford (TN)	Kaptur
Camp	Fowler	Kasich
Canady	Frank (MA)	Kennedy
Cantwell	Franks (CT)	Kennelly
Cardin	Franks (NJ)	Kildee
Carr	Frost	Kim
Castle	Furse	King
Clayton	Gallegly	Kingston
Clement	Gejdenson	Kleczka
Clinger	Gekas	Klein
Clyburn	Geren	Klug
Coble	Gibbons	Knollenberg
Kolbe	Nadler	Shuster
Kreidler	Neal (MA)	Sisisky
Kyl	Neal (NC)	Skaggs
LaFalce	Nussle	Skeen
Lambert	Oberstar	Skelton
Lancaster	Obey	Slattery
Lantos	Olver	Slaughter
LaRocco	Ortiz	Smith (IA)
Laughlin	Orton	Smith (MI)
Lazio	Oxley	Smith (NJ)
Leach	Packard	Smith (OR)
Lehman	Pallone	Smith (TX)
Levin	Parker	Snowe
Levy	Pastor	Solomon
Lewis (CA)	Paxon	Spence
Lewis (FL)	Payne (NJ)	Spratt
Lewis (GA)	Payne (VA)	Stearns
Lightfoot	Pelosi	Stenholm
Linder	Penny	Strickland
Lipinski	Peterson (FL)	Stump
Livingston	Peterson (MN)	Stupak
Lloyd	Petri	Sundquist
Long	Pickle	Swett
Lowey	Pombo	Swift
Machtley	Pomeroy	Synar
Maloney	Portman	Talent
Mann	Poshard	Tanner
Manton	Price (NC)	Tauzin
Manzullo	Pryce (OH)	Taylor (MS)
Markey	Quillen	Taylor (NC)
Martinez	Rahall	Tejeda
Matsui	Ramstad	Thomas (CA)
Mazzoli	Ravenel	Thomas (WY)
McCandless	Reed	Thompson
McCloskey	Regula	Thornton
McCollum	Richardson	Thurman
McCrery	Roberts	Torkildsen
McCurdy	Roemer	Torricelli
McDade	Rogers	Towns
McDermott	Rohrabacher	Traficant
McHale	Ros-Lehtinen	Tucker
McHugh	Rose	Upton
McInnis	Roth	Valentine
McKeon	Roukema	Velazquez
McKinney	Rowland	Vento
McMillan	Roybal-Allard	Visclosky
McNulty	Royce	Volkmer
Meek	Sabo	Vucanovich
Menendez	Sanders	Walker
Meyers	Sangmeister	Walsh
Mfume	Santorum	Waters
Mica	Sarpalius	Watt
Michel	Sawyer	Waxman
Miller (CA)	Saxton	Weldon
Miller (FL)	Schaefer	Whitten
Mineta	Schenk	Williams
Minge	Schiff	Wilson
Mink	Schroeder	Wise
Molinari	Schumer	Wolf
Mollohan	Scott	Woolsey
Montgomery	Sensenbrenner	Wyden
Moorhead	Serrano	Wynn
Moran	Sharp	Young (AK)
Morella	Shaw	Young (FL)
Murphy	Shays	Zeliff
Myers	Shepherd	Zimmer

NAYS—22

Beilenson	Klink	Stark
Bonior	Kopetski	Stokes
Clay	Margolies-Mezvinsky	Studds
Dellums	Moakley	Torres
Fazio	Owens	Unsoeld
Ford (MI)	Pickett	Washington
Gephardt	Rangel	Wheat
Hinchey		

NOT VOTING—24

Chapman	Green	Natcher
Crane	Gutierrez	Porter
Cunningham	Hastings	Quinn
Dixon	Hilliard	Reynolds
Evans	Huffington	Ridge
Farr	Johnson (CT)	Rostenkowski
Gallo	Meehan	Rush
Grandy	Murtha	Yates

□ 1212

Mr. FAZIO and Mr. GEPHARDT changed their vote from "aye" to "no."

Messrs. BUYER, KLUG, LEWIS of California, ZIMMER, and MCCRERY changed their vote from "no" to "aye."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on House Resolution 331, the resolution just considered and agreed to.

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

BALANCED BUDGET CONSTITUTIONAL AMENDMENT

The SPEAKER pro tempore. Pursuant to House Resolution 331, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the joint resolution, House Joint Resolution 103.

□ 1214

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House for the consideration of the joint resolution (H.J. Res. 103) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, with Mr. SKAGGS in the chair.

The Clerk read the title of the joint resolution.

The CHAIRMAN. Pursuant to the rule, the joint resolution is considered as having been read the first time.

Pursuant to the order of the House of Friday, March 11, 1994, the gentleman from Texas [Mr. BROOKS] will be recognized for 2 hours; the gentleman from California [Mr. GALLEGLY] will be recognized for 2 hours; and the gentleman from Texas [Mr. STENHOLM] will be recognized for 2 hours.

The gentleman from West Virginia [Mr. WISE] is designated by the gentleman from Texas [Mr. BROOKS] to control his 2 hours.

The Chair recognizes the gentleman from West Virginia [Mr. WISE].

Mr. WISE. I yield myself such time as I may consume.

Mr. Chairman, today begins 6 hours of general debate on this subject. I appreciate the gentleman from Texas [Mr. BROOKS] designating me to control his time.

Mr. Chairman, I stand here as a supporter of an alternative amendment, and in so doing that, opposing the so-called Stenholm amendment.

Before I do that, I do want to thank the gentleman from Texas [Mr. STENHOLM], who at every step along the way has structured a fair debate. He has made sure that every point of view has a chance to be heard, and I think that during the next 2 days the country will have the opportunity to fully explore this issue.

I am delighted to be here, to have a chance to participate in this, because in much of my discussion I will be talking about the so-called Wise-Price-Pomeroy-Furse amendment that we offer as an alternative to the so-called Stenholm amendment.

Mr. Chairman, this debate is going to be very helpful for a lot of reasons. First of all, it will cause us all to be focusing on deficit reduction efforts, those efforts that have been made, as well as those that need to be made. We will hear a lot of discussion on that.

Mr. Chairman, I am very excited about this, because this debate is going to be the first opportunity I have really had in probably 10 years to talk about capital budgeting. It will be the longest-running debate we have had on this subject.

Regardless of the outcome today and tomorrow, I think that this debate is going to propel capital budgeting, that is, making basic decisions about investments for our country and how we invest our country's dollars for long-term economic return, I think it is going to put capital budgeting on the agenda and will be something revisited a great deal. Therefore, if for no other reason, I thank the gentleman from Texas [Mr. STENHOLM] for convening us here today to promote that.

This debate is going to be about how we can help our economy grow, because while there will be some who argue that deficit reduction in and of itself is a worthwhile goal, and certainly deficit reduction is important, deficit reduction without economic growth is a hollow victory. So a balanced budget amendment, if you are going to lock something into the Constitution, you have to remember that one of the goals has to be economic growth as well.

Mr. Chairman, basically the amendment that the gentleman from North Carolina [Mr. PRICE], and the gentleman from North Dakota [Mr. POMEROY], the gentlewoman from Oregon [Ms. FURSE], and myself will be offering will be significantly different from others that will be considered here over the next many hours.

First, Mr. Chairman, it will take Social Security off-budget. What that means is that Social Security, which is, in my opinion, a self-generated fund, people pay into it and they draw from it, Social Security will finally receive that protection that most of the people in this Chamber, at some time, have stood up in a senior citizen meeting and said, "We want it to happen, we want Social Security off-budget. I'm going to go to Congress and I'm going to fight for it."

By golly, if you are going to write a constitutional amendment dealing with balancing the budget, you had better protect Social Security. We will be talking more about that, I am sure, as the day goes on.

Mr. Chairman, the second provision of our amendment is that it has something that no other amendment has. That is a provision that says that capital budgets will be permitted in the context of the balanced budget amendment. We must balance our operating income, our day-to-day expenses. A capital budget does not have to be scored and accounted for in the same way.

What is a capital budget? We define it in our amendment as something that produces long-term economic growth. The first reaction, obviously, is that applies basically to physical infrastructure: roads, bridges, water systems, sewer systems.

Others would extend it further than that. Does it apply to Federal buildings, for instance, that GSA builds? Does it apply to grants that are made by the National Science Foundation for equipment that is involved in research? Does it apply to R&D, research and development?

Rather than trying to write a tight definition and accommodate everybody in a constitutional amendment, for instance, the gentleman from Pennsylvania [Mr. CLINGER] and I have a bill in, 1182, that defines capital budgeting in terms of only physical infrastructure, but takes many pages to do so. We leave it to the Congress to implement this, but with the proviso there must be long-term economic return to justify it.

□ 1220

So two significant differences already, Social Security off-budget and capital budgeting as part of our budget policy.

The third significant difference, whereas most of the other amendments that will be considered, if fact, I think all of them would require three-fifths of the body, 60 percent to vote to waive the deficit spending prohibitions in any given year, we permit only two reasons to waive those, and that would be by a majority vote, only two reasons, war or military conflict No. 1, and No. 2, recession as defined as two-quarters of negative economic growth.

So we feel that in many ways we take off the board some of the excuses that could be used to relax this amendment. Our amendment takes place in the year 2001, as I believe does the Stenholm amendment, and is fairly close to the other amendments.

I want to make some general observations about balanced budget amendments. Incidentally, I want to get it out in the open right now that I am well balanced on this issue. I have been against the Stenholm amendment in years past; I have been for the Stenholm amendment in years past. Now I am offering an alternative to the Sten-

holm amendment. So I think I have seen this one from every side, and constantly sought to reconcile the needs of deficit reduction and economic growth with what we put into the Constitution.

My first observation is this: That the easiest vote that a Member can cast on the floor over the next couple of days is to vote for a balanced budget amendment. That is an easy vote. It makes everybody feel good. They can clap, and they can cheer, and we can go home, and you can put out a press release on it.

The toughest vote, and that is the one that comes right after, is how do we implement the darn thing, how do we actually make it happen. Let me say as I get into this debate in no way as I challenge people to talk about how they would implement it, how they would take that tough vote, I want to acknowledge particularly the gentleman from Texas is one who not only fights for his balanced budget amendment, but also fights to implement it, and has been supportive of legislation in the past that would direct how it would be implemented, so I just wanted to call that to Members' attention. Putting a goal into the Constitution is one activity. That is the easy one. The hard one then comes of how do we implement it, and what are the cuts that you are willing to make, and what are the taxes you are willing to raise, what are the programs you are willing to reduce, and how is it that you are going to bring about growth.

I want to make another observation. Many people say well, it is time to pass this budget, a balanced budget amendment so that we can make the Federal Government operate just like a family does. And I am prepared to do that. I think the family budget and the Federal budget have some similarities.

But in doing that, I want to first point out that no family that I know, at least in the circles that Sandy and I run in, operates on a balanced budget in the way that the Federal Government technically is required to. I do not know about other Members, but we have a mortgage. We cannot afford to pay for our cars up front. We have to go borrow money to do that. We have to borrow money for our children's education. We think that is something that we get a long-term return on. So it is, that each of us as a family member in our budgets, separate very clearly out the dollar that is spent going to the fast food store, or standing in line at the grocery store for in effect a dollar that is spent 1 day with no direct return beyond that, versus a dollar that is spent for long-term gain, a house, an education, an automobile, whatever.

Once again, think of businesses. Businesses separate out very closely and carefully what it is that is true investment and what it is that is consumption. Wages are consumption. That is operating income. But a machine tool company that invests in a new piece of equipment that it thinks will help increase its productivity knows that is a capital investment with a long-term return. In the Federal budget we need to be doing the same with a capital budget. That mile of four-lane highway that the Federal Government puts 80 percent of their funds in to build, that is a capital investment that most people would acknowledge has a return for many, many years. That telecommunications structure, that bridge, that airport that the FAA is involved with, that water and sewer system, particularly if it links up to an industrial park that creates jobs, those are all clear capital expenditures.

But yet, under our present budget system, and under the amendments that would be considered here too, it would not be considered as a capital investment, and indeed a balanced budget amendment of the nature that others have written and will be debating today would actually I think discourage that type of investment. So if we want to bring the Federal budget in line with the family budget and the business budget, then indeed I think we need to be looking seriously at capital budgeting.

At this point we are going to be discussing it in much more detail.

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

Mr. WISE. I am happy to yield to the gentleman from Oklahoma.

Mr. INHOFE. Mr. Chairman, I thank the gentleman for yielding. I would only make the point that he draws a very close analogy between the family budget and the Federal budget. Like many of us, he does the same as I do. But when we borrow money to buy a car, and we borrow money to buy a home, does the gentleman pay it back?

Mr. WISE. I always pay it back, and I have in my income-debt service when we budget that, we know how much we owe each month and so, therefore, we write it in there. Under my proposal of capital budgeting, that amendment called debt service would be included in operating income. We are not moving these items off the budget so that they are never paid for. We are moving this debt service, what it costs each year to build them, we are including that, but we are permitting the cost of the asset to be spread out over the useful life of that asset.

Mr. INHOFE. I would suggest to the gentleman I am talking about what we have been doing, not what we are planning to do, and the difference is when government borrows the money, it does not and historically has to pay it back. It still will owe it in future generations.

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

Mr. WISE. I am happy to yield to the gentleman from Maryland.

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

Mr. Chairman, first of all, the gentleman knows where I am coming from as a cosponsor of the Stenholm amendment. But I do not want to misrepresent to the American people that the U.S. Government is currently paying its debt, period. We have always paid our debt.

The problem is it is growing very rapidly, and we continue to charge. But it would be incorrect to represent that we are not paying our debt. In fact, we are paying our debt, as the gentleman knows, to the tune of about $300 billion this year.

Mr. INHOFE. But if the gentleman will yield further, it is not incorrect to say that our debt is greater each month that goes by, and that is not what we could get by with in our family budget.

Mr. WISE. Reclaiming my time, the gentleman from Maryland [Mr. HOYER] is absolutely correct. It is true that the debt and the debt service is growing. However, the Federal Government has been paying it. The problem is that it is squeezing more and more on that budget, and it does rule out those programs and operations that perhaps the gentleman might want to be involved in, and I might want to be involved in. That is why deficit reduction is important.

At the same time, in the name of deficit reduction, I do not want to be squeezing out those investments that bring us back a greater economic return that helps our economy to grow, and indeed helps our budget process as well. That is why I think it is very clear if we are going to put into the Constitution of the United States of America a provision that we must have a balanced budget, that we have to have in it the kind of fiscal policy that encourages investment, not discourages.

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

Mr. STENHOLM. Mr. Chairman, I ask unanimous consent that my 2 hours be divided equally for purposes of control, 1 hour to myself and 1 hour to the gentleman from Oregon [Mr. SMITH].

The CHAIRMAN pro tempore (Mr. FINGERHUT). Is there objection to the request of the gentleman from Texas?

There was no objection.

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

Mr. Chairman, first may I say I appreciate the spirit in which this debate has begun. I think the gentleman from West Virginia [Mr. WISE] has properly made the point regarding capital budgeting, an issue that we now will have the opportunity to focus on and discuss, and I would say at any time any Member wishes to interrupt me in my opening statement, I would be glad to

yield to them so that we can get seriously into the debate of the question before us, both the constitutional amendment and some of the other rhetoric that we will hear from time to time about what we are in fact discussing today.

Mr. Chairman, I did not come to the point of proposing an amendment to the Constitution lightly. I share the view that we should be extremely judicious in proposing changes to the Constitution. However, I have been convinced that an amendment limiting the ability of Congresses and Presidents to borrow money is a necessary and appropriate addition to the Constitution. I believe that our sustained deficits are the result of a fundamental change in the operation of our Government and that limiting our ability to borrow money represents that type of timeless principle that should be enforced in the Constitution. I believe that the balanced budget amendment meets these tests of principle and timelessness.

There has been a fundamental change in the understanding of the role and responsibilities of the Federal Government under the Constitution since it was first adopted. As Dr. William Niskanen noted in testimony before the House Budget Committee in 1992, the Constitution grants to Congress relatively few powers that involve the potential for significant expenditures. The Framers clearly believed that this would serve as a check on the size of Government.

The fiscal Constitution limiting the activities of the Federal Government, combined with the unwritten moral imperative to balance the budget, made an explicit limitation on the ability of the Government to borrow money redundant.

The revolution in Constitutional and economic policy that came with the New Deal effectively eliminated these checks on Federal expenditures. Without the checks provided by a strict interpretation of the enumerated powers, Congress created numerous programs that have placed tremendous pressure on the Federal budget and brought us to where we are today. The Framers of the Constitution could not have foreseen these circumstances, since they believed that they had explicitly limited the scope of the Federal Government.

Today, a constitutional amendment restricting the ability of the Government to borrow money is an appropriate response to this dramatic change in the public perception of the appropriate role of Government.

The threat of economic and political harm from continued deficit spending is the type of governmental abuse appropriately proscribed by the Constitution. This point was made by Thomas Jefferson, who said:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government.

Even Prof. Laurence Tribe of Harvard, a leading opponent of the amendment, told the Senate Budget Committee in 1992 that "The Jeffersonian notion that today's populace should not be able to burden future generations with excessive debt, does seem to be the kind of fundamental value that is worthy of enshrinement in the Constitution. In a sense, it represents a structural protection for the rights of our children and grandchildren."

House Joint Resolution 103 is based on exactly the same principle as the rest of the Constitution: It would protect the fundamental rights of the people by restraining the Federal Government from abusing its powers.

One of the main purposes of the Constitution was to put certain rights and powers beyond the reach of the tyranny of the majority.

Senator BYRD recently made an eloquent statement on behalf of this principle, stating that:

> There have come times when the protection of a minority is highly beneficial to a nation. Many of the great causes in the history of the world were at first only supported by a minority. And it has been shown time and time again that the minority can be right. So this is one of the things that's so important to the liberties of the people.

This amendment is very much within that spirit. Requiring a higher threshold of support for deficit spending will protect the rights of future generations who are not represented in our political system but will bear the burden of our decisions today. The fundamental premise of the amendment can be summed up by a single sentence: The ability to borrow money from future generations is a power of such magnitude that should not be left to the judgments of transient majorities.

George Will, one of the many former opponents of the balanced budget amendment who are now supporting it, wrote in November of last year:

> A system that selectively enhances the leverage of intense minorities is not inherently violative of the morality of democracy. And morally dubious things should be difficult to do. Given the tendency of our democracy to impose taxation without representation—deficit spending, which saddles the unborn with debts, amounts to that—it is proper to empower a minority to inhibit abuses by the majority.

Those who focus on the difficulty of achieving a three-fifths majority to deficit spend are missing the point of this amendment. They are still stuck in the status quo, still focused on what's necessary to run a deficit. Those who raise concerns about how the BBA would "undermine majority rule" imply that imposing debts on future generations is just another ordinary policy decision like every other one that is appropriately left to simple majority. The possibility of a three-fifths debt limit vote is a deterrent. Facing it is so undesirable that Congress and the President generally would do anything to avoid it—even balance the budget.

This amendment does not represent the end of majority rule. A minority would have leverage in exactly one instance: When the majority abdicates its responsibility to produce a balanced budget. In that case, a 60-percent supermajority would have to go on record to approve a deficit. The amendment does not affect the ability of a majority to spend on programs it deems important and to set budget priorities as it sees fit.

Some legitimate questions have been raised about how this amendment will be enforced. We have answered these concerns completely in previous debate on the amendment, and will do so in this debates as well.

House Joint Resolution 103 is self-enforcing through the three-fifths majority required in Section 1 to authorize outlays in excess of receipts and through the requirement in section 2 for a three-fifths vote to raise the limit on the debt held by the public. No matter what accounting techniques are used to depict a balanced budget, and regardless of any "rosy scenario" economic assumptions, smoke and mirrors, or honest estimating mistakes, if actual outlays exceed actual receipts, the Treasury ultimately would need to borrow in order to meet the Government's obligations. This would require three-fifths votes in both the Senate and House to raise the debt limit.

The threat of a "train wreck" on the debt limit provides a powerful incentive for truth-in-budgeting, because Congress and the President could not escape the consequences of policies that increased the debt.

The courts will have an extremely limited role in enforcing this amendment if both Congress and the President abdicate their responsibilities. Assuming that Congress does not address this issue in implementing legislation, which is extremely unlikely, the courts would be limited to finding individual acts of Congress unconstitutional and to restraining the executive from some action that would violate the amendment. The separation of powers doctrine and a long line of judicial precedents make it clear that courts would leave the policy decisions on how to comply with the amendment to the political branches.

Members of Congress and the President do take seriously our vow to uphold the Constitution. Once the principle that we should not be able to burden future generations with excessive debt is enshrined in the Constitution, it will be clear whether or not Congress and the President have met their obligation established by this amendment. The public will hold accountable any official who ignores this constitutional

mandate. This accountability will provide the ultimate enforcement of the amendment.

Mr. Chairman, we need something to force us to do what we know is necessary. I wish I did not have to stand here and say that, but I believe in my heart that it is the truth.

I urge support of House Joint Resolution 103.

□ 1230

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

Mr. GALLEGLY. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH], who has served this House honorably for 26 years, and who much to the regret of almost everyone in this House, yesterday announced his retirement.

This gentleman has been a tremendous help to me, in the time that I have served in Congress, as our ranking member of the Committee on the Judiciary. He is a true gentleman and a friend of the entire Nation.

Mr. FISH. Mr. Chairman, I thank my colleague, the gentleman from California, for his generous remarks.

Mr. Chairman, on three prior occasions—in 1982, 1990, and 1992—supporters of a balanced budget amendment in this body mustered lopsided majorities but fell short of the two-thirds affirmative vote the Constitution requires. This week, as we revisit a critically important issue, I look forward to my fourth opportunity to vote for the balanced budget constitutional amendment—recognizing with regret that the need for constitutional change is greater than ever.

The $1.1 trillion Federal debt at the end of fiscal year 1982 will reach approximately $4.7 trillion by the end of fiscal year 1994—a fourfold increase since we first debated the balanced budget amendment on this floor. Our failure to act more expeditiously has greatly exacerbated the heavy burden our enormous national debt imposes on our children and grandchildren. When we shirk our responsibility to pay our own bills, we unfairly transfer the costs of our self-indulgence to our descendants.

Decisions to amend the Constitution must not be made lightly. If a legislative remedy exists, that obviously is preferable to a change in our fundamental charter. Some have argued over the many years of this debate that we should utilize the legislative process to balance the budget before resorting to a constitutional amendment. We have tried that repeatedly. Legislation has not worked.

The national debt has continued to climb in spite of the 1974 Budget Act, the 1985 Gramm-Rudman-Hollings Act, the 1990 Budget Reconciliation Act, and the 1993 Budget Reconciliation Act. Congress waived the constraints of the Budget Act hundreds of times. The experience with Gramm-Rudman-Hollings provided strong evidence that Congress encounters virtually insurmountable pressures to circumvent deficit ceilings when those ceilings lack constitutional status.

In the fall of 1990, Congress completed an arduous effort to come to grips with the deficit, cutting approximately $500 billion over 5 years, only to see the deficit rise in the next fiscal year. Last summer, Congress enacted legislation the administration argued would reduce the deficit by a similar amount—roughly half a trillion dollars—during the 1994-98 period. Even taking such claimed savings into account, OMB estimates the national debt will reach $5.953 trillion by the end of fiscal year 1998, more than five times the level of just 16 years earlier, and an increase of $1.277 trillion during the 4 fiscal years beginning this October. Although the Congressional Budget Office anticipates relatively flat deficits in the $166 to $182 billion range during fiscal years 1995 through 1998, steep increases thereafter are projected even with the steps Congress has taken to date to address the decifit.

A balanced budget amendment is essential to overcome the current free spending habit of the Congress. It is far easier for an individual legislator to vote for spending increases than it is to support a balanced budget. Those who advocate spending for particular programs are in a stronger position to influence Congress than those who seek to restrain the growth of spending.

A new or expanded program may have a major impact on a particular constituent group. The advocates of spending possess a focused interest that facilitates action—in contrast to the more diffuse public interest in resisting specific increases in expenditures. It is for this very reason that I support—as a needed enforcement mechanism—a line-item veto tailored specifically to this amendment.

The problem, of course, is that projects may add little to the deficit—when viewed in isolation—but have a major impact when viewed collectively. The balanced budget constitutional amendment, by making it more difficult to engage in deficit spending, encourages Members of Congress to view the overall consequences of particular spending decisions. The proposal is to require a three-fifths vote of each House, of its total membership, before outlays may exceed receipts.

An amendment making it more difficult for Congress to disregard balanced budget principles is an appropriate addition to our Constitution. The Framers accepted the concept of a balanced budget and could not have foreseen late 20th century America's excessive reliance on deficit spending. The balanced budget constitutional amendment is an expression of our Nation's recognition that Government should spend within its means—a value our constitutional Founders shared.

Economic matters clearly fall within the Constitution's purview. The treatment of interstate commerce, taxation, and property rights provide examples of a constitutional design that gives substantial attention to economics. The argument that our Constitution must maintain neutrality on economic issues disregards the reality of a Constitution that incorporates economic rules. An expression of preference for adherence to balanced-budget principles would have sounded superfluous two centuries ago—but is far from superfluous today.

A constitutional amendment protects future generations, those who will bear the burden of an increased public debt but who cannot participate in decisions to increase that debt. The requirement of a three-fifths vote of the total membership of each House to increase the public debt represents a recognition of the impact of debt increases on generations unrepresented today in our political institutions. Laws increasing the public debt should reflect a broader consensus of our society than ordinary legislation.

The constitutional amendment that I am prepared to support will help rather than hinder our national capacity to maintain essential programs for older Americans. By bringing the rapidly increasing national debt—and mushrooming interest payments—under control, we relieve pressures to curtail Social Security and Medicare benefits. We also provide protection against the erosion of benefits that can accompany a future inflationary cycle.

The balanced budget constitutional amendment should require a three-fifths vote of the total membership to increase taxes. Such provision is appropriate to discourage reliance on tax increases alone to bring the budget into balance.

The United States undoubtedly will confront situations justifying departures from the norms that underlie this constitutional amendment. The proposed amendment does not bar deficit spending, public debt increases, or new taxes, but rather incorporates special voting requirements in order to do so. In a national emergency or period of economic dislocation, the proposal should contemplate that Congress will vote to take the appropriate action—whether that involves engaging in deficit spending, raising the debt ceiling, or altering the tax burden. The important point is that decisions to deviate from economic norms will be made—in the national interest—with greater care and thoughtfulness.

The understandable reluctance to amend the Constitution, if legislation will solve a problem, must now give way, in my view, to a recognition that legislation has not prevented astronomical increases in the national debt.

I call upon those who have been skeptical about such an amendment in the past to join with me now in supporting constitutional change. We simply cannot afford to lose more ground in our effort to bring Government spending under control.

□ 1240

Mr. PRICE of North Carolina. Mr. Chairman, I yield myself such time as I may consume.

First, Mr. Chairman, I want to join my colleague from California in paying tribute to our friend, the gentleman from New York [Mr. FISH] in saluting him for his years of distinguished service and saying how much we will miss him around here. I also welcome his contribution to this debate.

Mr. Chairman, as we begin general debate, it is critical that we remind ourselves of some of the basics. What is the purpose of deficit reduction, after all, and of budget policy in general? We need, of course, to reduce the deficit. Equally important, we need to redirect spending into investments in areas that will pay off for our country in the future. Reduce spending, and redirect spending.

Now, the budget deficit that we are running frustrate both goals and, in devising a remedy, we have got to take care that we address them both in a credible way.

The Federal budget deficit squeezes out private and public investment, and it does so directly and indirectly. It not only soaks up our Nation's savings, but it also forces trade-offs between popular consumption expenditures and long-term investments as we write the Federal budget each year. The Stenholm version of the balanced budget amendment, I fear, could make that situation worse, given the political appeal of entitlements. We all can attest to that.

So we need to ask ourselves: Is there a way to devise a balanced budget amendment that, while it would result in reduced spending, would also encourage and enhance investment? The answer, I believe, is the alternative amendment which Mr. WISE, I, and other members have developed.

Now, our amendment, like the Stenholm amendment, would require that the Federal budget be balanced by the year 2001. Like Mr. STENHOLM, we would require the President to submit a balanced budget for each fiscal year, and we provide for waivers when a declaration of war is in effect or when there is an imminent or serious military threat to national security or in cases of severe economic downtown.

But there are key differences between our amendments. We place the Social Security surplus off budget, thus ending a loophole that would hide the true magnitude of the Federal deficit. Our proposal would help insure the integrity of the Social Security trust fund as opposed to using the near-term surplus to make the deficit appear smaller than it actually is.

As we move to pass a constitutional amendment requiring a balanced Federal budget, we have got to make certain that Social Security is not jeopardized because politicians clamoring for a balanced budget amendment are unwilling to make the tough decisions required to actually achieve balance. We cannot hide behind that short-term Social Security surplus.

The Wise-Price-Pomeroy-Furse amendment also provides for distinguishing between the operating costs of Government and key capital investments. Most States that have a balanced budget amendment provide for the financing of key capital investments, like roads, schools, and sewer systems. States provide this exemption for a very good reason: They know that these investments have a long-term benefit to the residents and the economy of the State. And it is foolish not to make these investments.

Like families who take out a mortgage to finance a home, capital budgeting permits a Government to finance investments providing long-term economic returns.

In our amendment we also require the Federal Government, like a family or like a State, to pay back those investments over time. This is a sensible provision, and it is also much stronger than the capital budgeting provision in the Reid proposal in the Senate which allowed for the financing of investment but did not credibly provide for annual principal and interest payments to be included in the operating budget.

Our amendment, unlike the Stenholm proposal and other proposals, preserves the principles of majority rule. It is incomprehensible to me that requiring a three-fifths' majority to increase taxes or to raise the debt ceiling could be viewed as sound budget policy. We all know this stipulation would increase the ability of a small minority of Members to hold policies hostage, to extract political favors for themselves.

As Al Hunt of the Wall Street Journal has agreed, "This minority rule has the effect of decreasing accountability, increasing the influence of special interests, and creating a general chaos that serves neither the politicians nor the people well."

This rings true, does it not, for any of us who have endured in this Chamber the posturing that too often has a accompanied our debt ceiling votes?

I agree that we must set high standards for any breach of a balanced budget, but we can do it in a way that does not create the problems foreseen by Mr. Hunt and does not violate the principles of majority rule.

□ 1250

Under the Wise-Price-Pomeroy-Furse proposal, the requirement could only be breached in time of war, a threat to national security, or an economic recession. These waivers would not be automatic. Congress would have to pass and the President agree to these waivers, preserving accountability. Unlike the proposal of the gentleman from Texas [Mr. STENHOLM], in times where these emergency conditions did not apply, no waiver would be possible, by three-fifths vote or otherwise.

So, these waiver requirements are more stringent than those contained in other proposals.

The Reid amendment in the Senate allowed for an automatic exemption in time of economic recession or war. Furthermore, the Reid amendment provided, like the Stenholm amendment, a waiver from the requirement of a balanced budget anytime three-fifths of the Congress agreed. Our amendment removes this supermajority loophole, allowing no exemption whatsoever except under carefully defined circumstances.

In closing, I know that today we will hear a lot about the Wise-Price-Pomeroy-Furse amendment providing political cover for Members.

Our opponents are already saying that to the press. Well, I just want to say very clearly that the only people who are getting political cover from any of the balanced budget amendments are those who tend to go AWOL when it actually comes time to cut spending and reduce the deficit. Let me be perfectly candid, and I think this is an astounding figure:

Of the 262 cosponsors of the Stenholm amendment, fully 207 were not there when it counted on August 5. They were a.w.o.l. when the time came to actually reduce the deficit, to put an ambitious 5-year deficit reduction plan in place.

Now some of these Members had earlier voted for a weaker alternative offered by the gentleman from Ohio [Mr. KASICH] which would have reduced the deficit by $70 billion less, but on that earlier vote, Mr. Chairman, 65 of the cosponsors of the balanced budget amendment voted against both the Democratic and the Republican plans.

We are making progress on the deficit, but no thanks to these Members. Remember, it was just a year ago that the 1995 deficit was projected at over $300 billion. The projection now is something like $170 billion. Not good enough, but more progress than we've seen in a long time. The way to achieve that kind of progress is to make the tough votes, the kind of votes we had last summer. The only people who need political cover from a balanced budget amendment are those who are not willing to make those votes, those who, when it came time to break gridlock and to make the difficult decisions, were not to be found.

So, Mr. Chairman, in closing I urge my colleagues to support the Wise-

Price-Pomeroy-Furse amendment. It builds in a constructive way on the work of the gentleman from Texas [Mr. STENHOLM]. We know that he has labored for many years with great dedication on this issue. We have learned from him. We track his language in several areas. But we also correct what we honestly believe to be deficiencies in his approach: In dealing with Social Security, in discouraging long-term investment, and in permitting violations of majority rule. These are, we believe, serious problems. We believe we have corrected them while retaining the basic constitutional discipline to put and keep our fiscal house in order.

Mr. Chairman, I look forward to this debate as an opportunity to explore these issues, and I urge a vote in favor of the Wise-Price-Pomeroy-Furse amendment as the best mechanism before us for successfully combining these crucial dual goals of deficit reduction and responsible investment.

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

Mr. SMITH of Oregon. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the principal Republican sponsor of House Joint Resolution 103, I rise in support of a Constitution amendment to require a balanced Federal budget.

When I came to Congress in 1983, I was concerned that deficit spending was hampering economic growth, burdening our children with mountains of debt, and limiting our potential to provide an opportunity for prosperity and the American dream to everyone.

So I joined my friend and our former colleague Senator LARRY CRAIG—who is now leading the charge in the Senate—in taking on the balanced budget amendment, which the respected Barber Conable had advocated for many years.

A few years later we were joined by CHARLIE STENHOLM. In offering the amendment before us today, CHARLIE and I are joined by OLYMPIA SNOWE, JIM INHOFE, L.F. PAYNE, and JOE KENNEDY. Together we have constructed, along with Senator ORRIN HATCH and Senator PAUL SIMON, a broad, bipartisan, bicameral coalition in support of this amendment. I am proud of that effort, whatever the outcome of tomorrow's vote.

Mr. Chairman, in 1983, I was shocked and angered that Congress had allowed the accumulation of a $1 trillion debt. Today, with the debt rapidly approaching $5 trillion—I am that much angrier. I am particularly angered by the cavalier attitude Congress has displayed in assuming it has the right to burden future generations with massive debt.

This country, and this Congress, are not supposed to be about the game of chasing down pork, grabbing what we can, and damning our children with our irresponsibility. We are not operating in a vacuum—our actions have consequences.

Many of my colleagues have joined in mocking Congress' appetite to spend, and we've even been able to pass a few laws requiring Congress to curb spending. Since 1982, we've passed five balanced budget statutes. But each time we were faced with the choice of cutting spending to meet statutory deficit targets or waiving the statute—Congress waived and spent and waived and spent.

We didn't learn from Gramm-Rudman, we didn't learn from the 1990 budget summit, and we certainly haven't learned from the Clinton plan—Congress simply cannot balance the budget by chipping away at discretionary spending and raising taxes. In fiscal year 1994, discretionary spending will comprise only 37 percent of the Federal budget. By 1999, it will make up barely 30 percent of the budget, at which time mandatory spending will engulf 70 percent of the budget.

In addition, the Congressional Budget Office estimates the annual deficit will rise to nearly $300 billion by 2002. Clearly, even with the passage of the Clinton tax plan hailed by many of my Democratic colleagues, deficits can only be controlled if the runaway growth of mandatory spending is addressed. Only a balanced budget amendment will force Congress to find the political will to make the comprehensive spending reforms necessary to balance the Federal budget.

Today, the need for a balanced budget amendment is as great as it has ever been. During this debate, many of our opponents will argue that the deficit is declining to a manageable level and that there is no need to change the Constitution. Well, if the deficit was projected to remain at a manageable level, I might agree. However, as this chart illustrates, the sea of red ink, which may be suffering from a temporary drought, will continue to overflow near the turn of the century under current trends.

Yet, we will hear the same tired criticisms of our amendment. We will hear that it would end the Social Security system as we know it, that it is unenforceable and would give the courts too much authority, that it would strait jacket our ability to make economic policy, that it would force dramatic and immediate reductions in Government programs and services, and that we don't need the amendment because we can make the tough choices on our own.

These numerous, misleading, and often conflicting arguments basically boil down to two points: First, the amendment won't work, or second, it would be so draconian it would be worse than deficit spending itself. Mr. Chairman, I fail to see how something that won't work can be draconian. That contradiction aside, the opponents are wrong on both counts.

Opponents know it would work, and that is why they oppose it. Prior to the Senate debate last month, the White House invited several special interests, including those who represent agriculture, to come in and discuss the perils of the balanced budget amendment. The agricultural groups were informed by the White House staff that if the balanced budget amendment were to pass, funding for their programs would be slashed to the bone.

However, in a November 5, 1993, letter to Speaker FOLEY in which President Clinton outlined his opposition to the balanced budget amendment, he said, and I quote:

> We must reject the temptation to use any budget gimmicks to hide from the specific choices that are needed for long-term economic renewal.

Well, which is it—an ineffective gimmick or a draconian machete?

In the midst of these conflicting criticisms, we do know there is at least one Presidential adviser who acknowledges the need for the balanced budget amendment—refer to chart with Gergen article. I just wish Mr. Gergen was not helplessly outnumbered.

The balanced budget amendment will not cause the sky to fall, and it will work. Our amendment would not be effective until fiscal year 2001 or 2 years after ratification, whichever is later. It would be fundamentally dishonest to suggest that it would be impossible for Congress to responsibly reach a balanced budget over the next 7 years.

But make no mistake about it: balancing the budget will require discipline, and it will require tough choices. Without the amendment, these choices will never be made. The rejection of the bipartisan Penny-Kasich and Kerrey-Brown proposal emphasize this discouraging reality.

Above all, the balanced budget amendment will change the psychology of how we do business. The typical big spending, pork-barrel way will be reformed. Unlike the way we operate today, the bill will come due. Gone will be the time-honored practice of grappling for every scrap of pork you can find. The new measure of effectiveness will be how much you can save, not how much you can spend.

Mr. Chairman, when the dust settles, there will be two clearly defined sides in this debate—there will be the side of special interests, the status quo, and the irresponsible, pork barrel spending that got us into this mess. Or there will be the side of our children, our grandchildren, and the generations to follow them, to whom we have already left a $4.5 trillion debt.

If you support the balanced budget amendment, you will be in good company. Not only is the amendment supported by a bipartisan majority of both the House and Senate, polls have consistently indicated that over 70 percent of the American people support a balanced budget amendment.

Mr. Chairman, I wish there were another way to compel Congress to balance the Federal budget. Sadly, there is not. Only a constitutional mandate will provide the courage to attack our chronic institutional spending problem. I urge my colleagues to support the Stenholm-Smith balanced budget amendment to the Constitution.

□ 1300

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

Mr. GALLEGLY. Mr. Chairman, I ask unanimous consent to yield 30 minutes of the time allocated to me to be controlled by the gentleman from Oregon [Mr. SMITH].

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

There was no objection.

Mr. SMITH of Oregon. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. INHOFE], who has been one of the cofounders and inspirational leaders of the balanced budget amendment, not only in his own State but across the Nation.

Mr. INHOFE. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, we are going to be talking about a lot of things that will be redundant. I want to cover five things that I don't think others will be covering.

First of all, this body, whether we like it or not, is going to have to start listening to the American people, and the American people on this subject have very clearly demonstrated what their feelings are.

I have a Penn-Shore poll that was scientifically conducted of over 1,000 adult Americans that comes to this conclusion. I would like to have all my fellow Members who are going to be making a decision as to how they are going to vote on this listen to this. It asks the question: How likely would you be to support a candidate for Congress who supports a balanced budget constitutional amendment? The results were 72 to 13. And when adjusted for those with no comments, 82 percent of the people in America who understand clearly what a balanced budget amendment is said they would be more likely to support Members of Congress who support a budget-balancing amendment.

There are a lot of people who do not believe that. I can remember a very fine young woman who served in this Chamber from the Second District of Missouri, Ms. Horn, who campaigned on a balanced budget, but who changed her mind during the time she was in this environment and she decided to vote against it in 1992.

Ms. Horn is not with us anymore, and that contributed to her defeat. That is going to happen to several other Members.

I would like to suggest that there is a lot of discussion about senior citizens. I think I have attended as many or perhaps more town hall meetings on an annual basis than most Members of Congress, and a lot of senior Members come to these meetings. When I tell them about the real issue, they say they are supportive of a balanced budget amendment.

This is a publication of the Senior Coalition that came out where they talk about the three steps to save Social Security: pay-as-you-go, independent agency, and the third step, which they actually have listened as No. 1, is a balanced budget amendment to the Constitution. The point is this: Currently 40 percent of all the income tax that is paid in this country is paid to service the debt that we have created so far, I realize there will not be enough money left over if we do not take fiscal steps.

The third thing I want to mention is a misconception, and that is that only Republicans or conservatives are concerned about a balanced budget amendment. Let us keep in mind that the Senate author of Senate Joint Resolution 41 is Senator PAUL SIMON, who is certainly not a conservative Democrat. He is a moderate-to-liberal Democrat, and he has carried the charge over in the Senate. Certainly on our side, the gentleman from Texas [Mr. STENHOLM] is not a Republican; he is a Democrat. Many individuals who are liberals realize that the only way we are going to have revenues to spend on the great needs that we have is to discipline ourselves fiscally. In fact, I suggest those Members who are liberals looking for an excuse to vote for this should go back and read an article by a Tokyo economist in the publication entitled "The International Economy." The name of that is "America's Budget Deficits, They Redistribute Income to the Rich."

The fourth point I want to bring out is this: Let us not just talk about the wisdom of the American people. Let us look at people who do this for a living, people who are the leading economists in this country. I have a list here of the 250 leading economists in this country. There is one from a university in every single State that is represented here in the U.S. Congress, and they come to the conclusion that the only way we are going to be able to balance the budget is to discipline ourselves fiscally through a constitutional amendment, because we have demonstrated over the past 40 years that we are incapable of doing it without that.

□ 1310

The last point I want to make is one that is the moral issue. You know, the gentleman from Texas [Mr. STENHOLM] quoted Thomas Jefferson a few minutes ago. But he did not go quite far enough, because I want to give another quote that Thomas Jefferson made. If you remember, Mr. Chairman, in your history lessons, Thomas Jefferson was not in the United States during the Constitutional Convention. When he came back to the United States and he looked at the product that came out, he said:

> If I could add one amendment to the Constitution, it would be to prohibit the Federal Government from borrowing money. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Finally, Mr. Chairman, let me introduce, since you would like to know these two individuals, the one on the left is Glade Inhofe, and the one on the right is Maggie.

Mr. Chairman, studies show that somewhere between 45 and 70 percent of the lifetime income of my two grandchildren and all others who are born at this time will be used to service the national debt. This is not a fiscal issue we are dealing with today. This is clearly a moral issue.

Mr. WISE. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Oregon [Ms. FURSE], a cosponsor of the Wise-Price-Pomeroy-Furse substitute.

Ms. FURSE. Mr. Chairman, I rise today in support of the Wise-Price-Pomeroy-Furse constitutional amendment to balance the budget.

As a new Member of Congress, I came to Washington determined to help get the Nation's fiscal house in order. But after a little more than a year, I am not convinced that with the current state of politics, we have either the will or the courage necessary to accomplish this goal. Yet, Mr. Chairman, we must accomplish this goal. Nothing less than the economic security of our children and our country is at stake.

I believe that one of the very prominent reasons that we in the freshman class came to this Congress was to do something about reducing the deficit. And we have made some progress. As a result of the deficit reduction agreement I supported this fall and the 1995 budget resolution I voted for last week, the deficit is at its lowest level in years.

But I am increasingly frustrated by the unwillingness of many Members of Congress to cut unnecessary spending and make the choices needed to balance the budget. Some of those who refuse to cut this unnecessary spending are outspoken deficit hawks. They talk regularly about cutting deficits, but when they are given real opportunities, they often turn aside.

Last week there was an amendment before this House to keep the Defense Department budget from growing by $2.5 billion. That was additional to the budget we agreed on. I was stunned when that amendment did not pass. In this day and age, there was no justification for any increase in that

budget. In my view, $262 billion was enough.

Now, Mr. Chairman, I sometimes believe that if our foremothers had been involved in writing the Constitution, we might have had a balanced budget in it, because women are so often involved with trying to keep their families living within their budgets.

So for those reasons, the reasons I have stated, I have concluded that we must amend the Constitution to require a balanced budget, and I am very reluctant to tamper with this most sacred document. But it seems that we have no other choice.

My plan, however, will make some critical differences with the amendment offered by the gentleman from Texas [Mr. STENHOLM]. First, the Stenholm amendment does not take the Social Security trust fund off the budget and away from deficit calculations. If his amendment were to pass, senior citizens in Oregon alone would lose about $1,000 each year. My amendment would protect that most vulnerable group of citizens, these senior citizens, and it is a more honest measure of the deficit.

I would like to put it this way. It is not really right or particularly honest to take Social Security out of the budget because it masks the fact—because there is a surplus in the Social Security budget, it masks the fact that the deficit is in fact larger than we like to calculate.

In other words, if you take Social Security out, as we do in our amendment, we are much tougher and much more fiscally responsible, while we still protect the benefits of millions of older Americans who earned those benefits through their own hard work.

There is another important distinction in the Wise-Price-Pomeroy-Furse amendment, and that is, I believe more and more as I work in this body, that the Government needs to operate more like a business.

Now, businesses routinely borrow money if it is for a long-term investment, something that will give something back, that will increase future profits. I quite frankly do not know of any business, whether it is Intel Corp., the largest employer in my district, or my own small vineyard that I operate with my husband, that does not believe in investing, in investing some money in something that will return in long-term benefit. When you buy a house, when you send your children to college, you do so because you think that is an investment, that is something that I will get something back from in a long-term way, that there will be a real economic benefit.

The Stenholm amendment precludes the Government from borrowing funds for capital, and it renders it nearly impossible to make cost-effective investments. Our amendment even ensures that the Federal Government uses sound business practices by establishing a capital budget, requiring that long-term investments be paid for over their useful life.

I would like to quote right now from the New York Times an editorial where, in fact, they opposed a balanced budget amendment, but they said, "No rational business or government would balance a budget this way." They are talking about taking capital investment out. "Businesses borrow to invest. Even States required to balance their operating budgets borrow for capital investment."

It seems sensible to me if we are looking for change, we should look first at successful models. I looked to my own constitution, the Oregon Constitution, which was written, I should add in 1859. It includes an exception for capital expenses. Our amendment would allow Congress under a majority vote to temporarily waive the balanced budget requirement in the event of only two things: war and a recession of two terms, two quarters.

Under these and only these two circumstances, could the Federal Government run a deficit, and in this regard, I believe that our amendment is even tougher than the gentleman from Texas, Mr. STENHOLM's.

Ultimately, the amendment will force the Congress to make the choices necessary to balance the budget. States and local governments have done this for years. In other words, the Wise-Price-Pomeroy-Furse amendment will force Congress to do what it is elected to do. It will put our economic house in order and provide the Nation with a secure economic environment for decades to come.

Mr. Chairman, I urge the adoption of the Wise-Price-Pomeroy-Furse amendment.

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

Mr. Chairman, I thank the gentlewoman from Oregon [Ms. FURSE], who has been instrumental in crafting this. I would note for Members that you should have hand delivered to your office the latest copy of the amendment that we will be offering tomorrow. Additionally, we will be asking that there be printed in the RECORD for tomorrow as well a copy of our balanced budget amendment. Third, we should have copies here at some point on the table that Members can pick up. So I would urge Members to scrutinize this carefully.

Mr. Chairman, I include a copy of our amendment for the RECORD.

AMENDMENT TO H.J. RES. 103 OFFERED BY MR. WISE OF WEST VIRGINIA

Strike all after the resolving clause and insert the following:

That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years after its submission to the State for ratification:

"ARTICLE

"SECTION 1. Total outlays of the operating funds of the United States for any fiscal year shall not exceed total receipts to those funds for that fiscal year.

"SECTION 2. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House of Congress, that becomes law. If real economic growth has been or will be negative for two consecutive quarters, Congress may by law, passed by a majority of the whole number of each House of Congress, waive this article for the current and next fiscal year.

"SECTION 3. Not later than the first Monday in February in each calendar year, the President shall transmit to the Congress a proposed budget for the United States Government for the fiscal year beginning in that calendar year in which total outlays of the operating funds of the United States for that fiscal year shall not exceed total receipts to those funds for that fiscal year.

"SECTION 4. Total receipts of the operating funds shall exclude those derived from net borrowing. Total outlays of the operating funds of the United States shall exclude those for repayment of debt principal and for capital investments that provide long-term economic returns but shall include annual principal and interest payments for borrowing on capital investments. The receipts (including attributable interest) and outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund shall not be counted as receipts or outlays for purposes of this article.

"SECTION 5. Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts.

"SECTION 6. This section and section 5 of this article shall take effect upon ratification. All other sections of this article shall take effect beginning with fiscal year 2001 or the second fiscal year beginning after its ratification, whichever is later.".

□ 1320

Mr. STENHOLM. I yield 5 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I rise today to support an amendment to the Constitution to require a balanced budget. Quite simply, I believe that our obligation to future generations—to our children and grandchildren—requires this action of us today.

Year after year people stand here and claim that this amendment is not required. I know, I used to be one of them. It is true that this amendment will not in and of itself create a balanced budget—any more than the Constitution of the former Soviet Union, which guaranteed its citizens freedom of religion, created that right for any Soviet citizen.

The bottom line is that it will take the collective will of this House and the other body, joined with that of the President to accomplish a balanced budget. It will take the collective will

of the American people to abide by the decisions necessary to accomplish a balanced budget. It will take our collective backbones to make what will be a statement of national policy a reality.

But with that policy clearly ennunciated in our Constitution—I believe our backbones will find a stronger pillar from which to support the heavy lifting that will be required to accomplish this goal.

There is no question that we have taken significant action under the leadership of President Clinton to reverse the dramatic increasing deficits the country suffered under Presidents Reagan and Bush. I supported that effort and am proud of the results—a stronger economy, increasing jobs, lower interest rates and controlled inflation.

But the bottom line is that in 1993 gross interest payments alone consumed 57 percent of all personal income taxes and these payments were five times higher than all of the money we spent on education, job training and employment programs combined. And though we have reversed the growth in our annual deficits—they still continue—as does the tax burden they place upon your children and my grandchild.

Thomas Jefferson said: "I place economy among the first and most important of Republic virtues, and public debt as the greatest of dangers to be feared."

Jefferson, along with our founders like Madison and Hamilton, agreed that the rights of the minority must be protected against the tyranny of the majority. Our system of government is replete with protections for the minority of the present.

Why Jefferson saw public debt as the greatest danger to be feared was because he realized that future generations were even more vulnerable to abuse than the minorities of the present—because they were disenfranchised. As silent sufferers, unable to join the debate of today, they would be uniquely vulnerable to the ability of the majorities of the present to commit and spend their resources of the future. We've done that, we need to stop it.

As someone who suffered under a system of Government that enforced taxation without representation, Jefferson saw public debt as the ultimate intergenerational expression of that tyranny and one which should be avoided and rejected.

I support the Wise amendment's provisions on capital budgeting. I will also vote in support of the amendment by Mr. STENHOLM of Texas.

I do that because I agree with the gentleman from West Virginia that it is fair to ask future generations to pay for assets that they too will enjoy. An aircraft carrier will protect my granddaughter's freedom tomorrow as well as it does my own today, and therefore it is fair that she pay for a portion of that security. What is not fair is that we spend today her earnings of tomorrow; that we undermine the discretion that she and her generation deserve in their future to apply their future to apply their future to apply their resources as they see fit, not simply to pay our debts and transfer their money to us in our older years. That my colleagues, is the immoral, irresponsible, undisciplined evil of which Jefferson spoke.

Simply put, it is not fair that she be taxed tomorrow for what we enjoy today.

I do not agree with those who hold that capital budgeting is a loophole through which we gut the goal of a balanced budget. The Congress shall establish in law what capital budgeting will be.

And I believe that we can draw that definition narrowly enough to ensure that only physical assets with a lifetime greater than 10 or more years shall be included in such a definition.

Mr. Chairman, more than 2 to 1 Americans feel deficit reduction is more important than short term spending to boost the economy. And the General Accounting Office said it best in their 1992 report on the budget. They said: "Inaction is not a sustainable policy."

We need to act. And in acting, we will give the greatest gift to our children and grandchildren that we could ever give—the security of knowing that they have the ability and the resources to face whatever problems they may confront in their own time. What a wonderful gift for them to know that when they need to turn to the wealth of America in time of need they will not find it has been robbed and pillaged by their parents and grandparents. We owe them no less.

Support the balanced budget amendment to our Constitution.

We need this amendment, Mr. Chairman. I hope it passes.

I want to congratulate both the gentleman from Texas [Mr. STENHOLM] for his leadership and the gentleman from West Virginia [Mr. WISE] and his cosponsors for their leadership. Both of them are saying we need to bring discipline to the fiscal structure.

I do not agree with a lot of my colleagues with whom I am going to vote. I believe that we need to have programs at the Federal level. I support the taxes to pay for those. But the ultimate discipline in a democracy for spending is having to raise the revenues to pay for that spending. If Members will not vote for the taxes, then they ought not to vote for the spending. I am one of those who is prepared to do both, if I believe that those expenditures are in the best interest of this country, and, yes, of my grandchild.

We need to have the courage to exercise the discipline of saying that we will pay for that which we want to buy. Very frankly, we did not do that in the 1980's, as has been mentioned, from less than $1 trillion to now $4.7 trillion, an almost 500-percent increase.

We need to say "enough." Let us pass this amendment. Let us send the message of fiscal responsibility.

Mr. SMITH of Oregon. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Maine [Ms. SNOWE], a lovely lady legislator who has been an outstanding spokesperson for the balanced budget amendment and a leader in the House of Representatives.

Mr. Chairman, will the gentlewoman yield?

Ms. SNOWE. I yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, I wanted to at least address the Social Security thing which is already getting out of hand, the rumor that somehow Social Security is going to be destroyed. The facts are that we are already camouflaging, masking the budget.

For instance, the deficit is supposed to be $223 billion this year. The Federal funds deficit is $336 billion. That is $113 billion more than the stated debt and that includes Social Security surpluses, as well as 149 other surpluses. The idea that balancing the budget actually saves Social Security and, if this House of Representatives wants to destroy Social Security, they can do so by vote, I am not going to do that. And I do not plan on it.

Ms. SNOWE. Mr. Chairman, I thank the gentleman for yielding time to me.

First of all, I want to say that I am very pleased to have been able to join with the gentleman from Oregon and the gentleman from Texas in working on this constitutional amendment to balance the budget. And I certainly want to express my appreciation for the leadership they have given on this very critical issue over the years.

Time and time again, Mr. Chairman, the voters of Maine and the rest of the country have sent Congress an unmistakable signal that they want the Congress to change the way in which it conducts its fiscal business as well as addressing the issues concerning the national budget. Nothing would better personify the fact that we have gotten the message of change from the voters than enacting a constitutional amendment to balance the budget.

This debate marks the seventh time since 1982 that we have had this debate in either Chamber of the Congress. Each time we have debated this issue, we have heard time and time again that all we need to balance the budget is the will to act or the courage. They have told us in debate after debate, vote after vote that we can balance the budget without a constitutional

amendment. And, of course, we have never been able to achieve a balanced budget in all of that time. In fact, the lowest deficit level Congress has reached in this last decade was $150 billion in fiscal year 1987, under the Gramm-Rudman-Hollings Act. That is hardly perfection.

Even in the administration's own budget, it projects a deficit level of $176 billion in 1995. And if Members look at projections by the administration, the lowest deficit level for the rest of this decade is $173 billion.

Are we prepared to accept that as the norm, as the standard for the rest of this decade? In fact, in 1998, the deficit goes up to $187 billion. In the year 1999, the year 2000, it is over $200 billion. And we know that it will reach $365 billion, according to the Congressional Budget Office, by the year 2004.

So even by the administration's own estimate, it will be adding $1.7 trillion to the national debt, increasing the national debt by 38 percent. The administration and others may be upbeat about that level of deficit. Granted, it is better than what it has been before, but what we are saying, we are accepting the norm of the range of $200 billion deficits for the rest of this decade.

□ 1330

The Congressional Budget Office, of course, offers a different point of view. According to the CBO, and I quote, "The deficit may have been brought under control temporarily, but it has not been tamed." The CBO also projects a $226 billion deficit by the year 2000, and as I said, $365 billion by the year 2004. Unless deficits are firmly brought under control, CBO predicts they will constrain the improvements in the standard of living that can be expected in the United States in the early 21st century.

It is interesting to note that yesterday President Clinton remarked at his job summit with a group of seven industrialized nations that the fact is that the United States must continue to bring down the deficit. It is interesting, because the budget that was passed by this body last week does nothing more on deficit reduction. The administration's estimated savings go for more spending and not for deficit reduction. There will be no other attempt to reduce the deficit in this Congress.

Mr. Chairman, that is explicitly accepting the status quo of earlier deficits and debt. It is really accepting the status quo on our economic circumstances and the acceptance of deficits in the $200 and $300 billion range.

People might think, What is the impact of the deficit in our daily lives? It is not an abstract impact. In fact, the Concord Coalition compiled an analysis of the deficit that suggests our productivity would have been much higher, and that the average American family today, instead of having an average yearly family income of $35,000, would have had an income of $50,000.

What better example of an injustice could there possibly be than those figures? How many children go out without an education because of that missing $15,000? How many couples or single parents cannot afford additional daily necessities of life, like child care, because they have seen their standard of living erode as a result of the deficit?

The most devastating and alarming impact the deficit has had on our economy is its effect on economic growth and job creation. The New York Federal Reserve Bank says that from 1979 to 1989, we lost 5 percent growth in the GNP and national income because of the deficit.

The CBO says that for every percentage that is lost on the GNP, we lose 650,000 jobs. That means as a result of our recurring deficits, we will lose approximately 3.75 million jobs. We can hardly afford that, given the current economic conditions in our country, given the fact that we are having a low job growth rate compared to historical levels of the past.

People know they are facing chronically high unemployment, that it is difficult to get a job. These deficits are doing just that. They are creating job losses in America.

What are we doing with the $200 billion interest payments? We cannot make the investments we need. That is how we can make the investments in health care, education, and worker retraining, is by reducing the deficit, eliminating the deficit, so we will have more investments for the future and not be paying 14 percent of our budget in interest payments.

The point is that now people feel comfortable that we have a $176 billion deficit level, so we do not have to worry about it anymore; we have already done our job. We have accepted the status quo.

That is why we need a constitutional amendment to balance the budget, because each and every year we will have to do what everybody else in America does, 48 States, American families, and American businesses. They confront the economic realities, even when their revenues are down and they have to make those choices.

What we have said here, what I am hearing, is that we passed the budget last year. Therefore, we do not have to do anything more on the deficit because the deficit has come down, so we are going to accept the standard of $200 billion deficits for the remainder of this decade.

Mr. Chairman, I would hope that we would not begin to think that budget deficits are an acceptable commodity for an American economy that is facing stiff competition from abroad and will continue to face that stiff competition. What I am pleased about in this debate is that, in fact, it is not Republicans and Democrats or liberals and conservatives. In fact, it is Republicans and Democrats and liberals and conservatives that are supporting this constitutional amendment to balance the budget.

Mr. Chairman, it is a debate between those who want to get rid of the scourge of deficits and debts, knowing what it is going to do to future generations, and those who do not. It is the difference between those who are concerned about our future economic standards and understand that every time we pass budgets with budget deficits in the $200 billion range, we are saying that we are willing to compromise the standards in this country and be second best, and compromise the economic opportunities that will build upon the American middle class, allow small businesses, like my businesses in Maine, to create jobs and to build upon the American dream.

I would also like to add to what the gentleman said about social security, the gentleman from Oregon [Mr. SMITH], because I think it is a very important issue here today. I cannot think of a better way to ensure the integrity of the Social Security trust fund than to require a constitutional amendment to balance the budget.

I would like to quote from Robert Myers, the former Deputy Commissioner of the Social Security Administration, and the executive director of the National Commission on Social Security Reform, just last month on the constitutional amendment to balance the budget, that

> * * * the most serious threat to Social Security is the Federal Government's fiscal irresponsibility. If we continue to run Federal deficits year after year, and if interest payments continue to rise at an alarming rate, we will face two dangerous possibilities. Either we will raid the trust funds to pay for our current profligacy, or we will print money, dishonestly inflating our way out of indebtedness. Both cases would devastate the real value of the Social Security trust funds.

Finally, I would say that this is a sincere bipartisan effort to address the real issues concerning budget deficits, and those who are willing to actually balance the budget and those who are not. For those who are opposed to the constitutional amendment to balance the budget, they are saying yes to the economic status quo, and they are saying yes to the range of $200 and $300 billion levels of budget deficits. I do not believe that that is the answer the American people want to hear.

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

Mr. Chairman, the best way to preserve Social Security and keep it intact is to keep it off budget. That, indeed, is what I think I have heard at some point. A majority of my colleagues, in written statements, spoken statements, speeches to senior citizens, say that we have to preserve the integ-

rity of Social Security. I suspect that if we look deep within our minds, that everyone in here at some point has promised to work to get Social Security to the status of an independent agency and off budget.

If we want it off budget, then we cannot pass a constitutional amendment that locks it forever in the budget. The gentleman from Texas [Mr. STENHOLM] and I were talking, and we may mix it up a little bit in the interest of debate in a few minutes, once we get through some of these speakers on Social Security. I think that could be informative, but there is a clear difference here. If we want to protect Social Security, then I think we have to support the so-called Wise-Price-Pomeroy-Furse amendment that takes it off budget and settles that question.

Mr. Chairman, I yield such time as he may consume to the gentleman from North Dakota [Mr. POMEROY], who has been very active in promoting and developing this amendment, on which we have spent many, many hours in developing and crafting the language.

Mr. POMEROY. Mr. Chairman, I came to this body prepared to cast very difficult votes to deal with the deficit, the terrible and deep deficit which faced this country's budget. I have cast those tough votes. Yet, we still have a deficit.

I have become convinced that in order to avoid the havoc that we face as we deal with this budgetary dilemma facing the country, we need to place a guarantee in the Constitution that there can never be such a period of irresponsibility when it comes to spending in this country as we saw in the 1980's, so that future generations will not have the dilemma that we face today.

Therefore, Mr. Chairman, I approach this debate differently than I might have in the past. For me it is not a matter of whether or not there should be a balanced budget amendment. I believe recent history in this Chamber shows that indeed, we must have a balanced budget amendment. The debate at this point is how do we best accomplish this objective, what is the most appropriate balanced budget requirement that we can place in the Constitution of this country.

I would commend in particular my colleague, the gentleman from Texas [Mr. STENHOLM], for his tireless efforts on the balanced budget amendment approach. I respect his views, but I believe that the alternative being advanced by myself, the gentleman from West Virginia [Mr. WISE], the gentleman from North Carolina [Mr. PRICE], and the gentlewoman from Oregon [Ms. FURSE], is a better approach to this problem. It is a tough amendment, but it has sufficient provisions to deal with the true emergency conditions which face this country.

□ 1340

It also deals with legitimate budgetary needs in a more sophisticated fashion.

First let me speak briefly to the very limited exceptions, war and negative economic growth in two consecutive quarters. The posting of this type of economic condition would signal a country heading quickly not only into recession but heading into depression, and congressional action in those circumstances would clearly be imperative. Improvements to the earlier versions of the balanced budget amendment, I believe, are offered by exempting the Social Security trust fund. For me this is in part a simple matter of common sense. I practiced law in a small town. You learned from day one that the trust fund was something sacred, you did not confuse the trust funds which held representative clients' assets in with the general ledger accounts.

This country has several trust funds, I acknowledge that. But the Social Security trust fund is the preeminent source of the Social Security Program, the old age and retirement program administered by this country, and deserves, I believe, that special standing.

There are two more immediate policy consequences that flow from this as well. First of all, Social Security is to a degree actuarially priced. It means we are running tremendous surpluses now, but in the future, when the baby boom bulge in this country's population reaches retirement age and begins drawing on retirement, we are going to see this positive cash flow reversed, and there will be actually an outflow from this trust fund. It does not make sense, in my opinion, if we are going to get serious with the budget deficits of this country, to mask those deficits by rolling in the Social Security trust fund and letting its positive cash flow shield and mask and hide the deficit. The true deficit situations run on the rest of the budget.

Second, rolling it into the budget I believe places the Social Security Program at risk. Changes could be made to Social Security not to deal with long-term, future needs of the Social Security Program, but merely to deal with short-term budgetary needs of this country as it would struggle to meet the requirements of the balanced budget amendment. Social Security, in my opinion, is placed very much at risk if it is not set apart as our amendment seeks to do.

Another improvement in the version that we are offering provides for capital accounts for projects which offer long-term economic return. This approach on capital spending sees precedent both in the private sector and in State governments operating under balanced budget constraints.

I do not think there is an MBA in the country that would suggest to a business never ever consider debt as you evaluate expanding your business. Of course not. Plant construction, machinery purchase, all of these things are properly financed by long-term debt, but debt which is amortized over the future. That is not reckless spending. It is prudent in the private sector.

In the State governments operating under balanced budget constraints we commonly see capital spending approaches. My own State, North Dakota, a State where the balanced budget approach is held in highest regard by both political parties in the legislative session, they specifically fund a bricks and mortar account in the capital budget and amortize the payment over the bonds issued to fund those projects. It tracks, of course, with the useful life of the actual projects constructed.

It makes no sense as we look at a balanced budget approach for the country to reject the real life example seen in the private sector and seen in other spheres of government with balanced budget approaches.

This capital fund is an enhancement, an improvement, a better balanced budget idea that our amendment offers as opposed to the other versions.

In conclusion, let me suggest that this debate is not an exercise in budgetary machismo as to who has the biggest, baddest balanced budget amendment to offer for this country. This is an important debate where we recognize that future generations deserve the assurance of a balanced budget amendment to the Constitution of this country. And let us now get about the business of trying to craft, and carefully so, the requirement that gets that best accomplished.

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

Mr. POMEROY. I yield to the gentleman from West Virginia.

Mr. WISE. Mr. Chairman, I thank the gentleman very much for some of the remarks and points he has made. He has already sent a "Dear Colleague" letter on the relationship of States.

If I could just follow up for a second, a lot of Members in this Chamber say they want a balanced budget amendment because most of the States in the United States have similar provisions in their constitution, and just as North Dakota does, so does West Virginia. When the Governor went out of office. And the only way, incidentally, it got back was with some courageous steps and efforts to cut spending and raise taxes, both unpopular measures.

But notwithstanding that, the point is, is it not, that if we want a balanced budget amendment that mirrors what the States have done using their experience, that every State, including the ones that were surveyed, and I believe 50 States were surveyed by the General Accounting Office which had balanced budget requirements focused largely on the operating or general funds, every

State has some sort of capital investment program, whether it is a capital budget itself or indeed the ability to borrow and thus issue bonds, which in itself in servicing that debt is a capital budget? Is that not the case?

Mr. POMEROY. That was the finding of the General Accounting Office as they surveyed the State requirements.

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

Mr. POMEROY. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, in the gentleman's research on the States and what they are doing regarding capital budget, did he look to see how many of those States might perhaps now be getting into financial difficulty because they have stretched the definition of capital accounting to the point that they now have problems paying for the capital side of the ledger?

Mr. POMEROY. The General Accounting Office report that I read, I say to the gentleman from Texas, did not detail that particular aspect of the question.

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

Mr. POMEROY. I yield to the gentleman from West Virginia.

Mr. WISE. Mr. Chairman, I know of what the gentleman speaks in the sense that many have expressed concern about the experience of New York City back in the early 1970's. I am not aware of any great problems arising out of capital expenditure in my own State. For instance, we have a debt ceiling that we cannot go above in the sense of how much we can bond, how much we can borrow, and I think the tightest control on that is the implementing legislation that must be passed.

The converse to what the gentleman from Texas is suggesting is not to have capital budgeting, is to count $1 of investment the same as we do $1 of consumption, and thus we are not able to develop and not able to grow, and indeed, we are not able to make those investments to develop our own economy.

If the gentleman would not mind yielding just a little bit further, let me make the point that, for instance, we have been restricted in our own growth with the Federal Government. Most people, I think, think it is time to be about the business of building infrastructure. But are people aware that we are spending, in relation to our GDP by percentage amount, by one-half of what we were spending only 25 years ago, and so what has happened is that capital investment, that which would help us grow, has been squeezed down as we see mounting consumption or operating income rise? That is once again reflecting the need for a capital budget similar to what it is my understanding just about every State has.

Mr. POMEROY. Language in the General Accounting Office report states, I believe, that a capital budget helps narrowly focus on infrastructure needs and the funding and establishment of those needs, and addresses it in a much better fashion than is presently the case.

Mr. WISE. The gentleman is also correct, because the language in our amendment says capital budget reflects those investments, capital investments which produce a long-term economic return. That language was specifically added to make sure to provide greater protection so that we would not be randomly adding any project we wanted.

I do not think wages and salaries are a capital investment. I do think concrete and infrastructure are.

I thank the gentleman.

Mr. POMEROY. The people I represent I think understand that you do not fund operating costs out of debt. That is what this country has done, and it is time for it to stop. The balanced budget amendment approach we seek would put a stop to it.

On the other hand, they do not want the Social Security Program placed in jeopardy as short-term, budget-driven decisions might erode the sanctity and ability of the Social Security Program to meet the retirement needs of this country moving forward.

□ 1350

They do not want this country to be unable to maintain a vital Interstate Highway System, to be able to make the essential capital expenditures that this great country must make, just like States make under their own balanced-budget requirements.

Mr. WISE. If the gentleman will yield further on that point, because as you point out as well, our language in the Wise-Price-Pomeroy-Furse substitute, what our language does is to track the language in many State constitutions by saying that that which you consider a capital investment, the debt service, what you pay to finance it each year, that is included as part of your operating income. So, please, do not make the mistake, as some have, of assuming that we just moved capital investments off budget.

In fact, that may have been the approach taken in the other body. This is far different from that, because we bring the debt service into the operating income in the manner that most States do.

Mr. POMEROY. I would only conclude by saying that is precisely correct. The Wise-Price-Pomeroy-Furse amendment is not a sham. It is not saying, "We do not want a balanced-budget amendment, but, wink, wink, we will vote for this one, great cover."

This is a better balanced-budget amendment. The debate is not about whether we ought to have a balanced-budget amendment, as far as I am concerned. I agree with those of you who for so long have contended that was an essential step needed by the country at this point in time.

How best do we do it? I believe the proposal we are offering does represent the best way to tackle this problem.

Mr. SMITH of Oregon. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona [Mr. KYL], an outstanding Member of Congress, and one who wants to move his position across the street or down the road. We wish him great luck. The gentleman will be offering an amendment which I support.

Mr. KYL. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I, too, will support his amendment as I have willingly done in the past.

Mr. Chairman, the amendments the house is debating today are of critical importance to every American, but I think particularly to young Americans.

This year alone, interest on the national debt will amount to about $300 billion. That is $800 million a day just to pay the interest on the national debt. That is $800 million a day of hard-earned tax dollars that cannot be applied to education, health care, highway improvements, law enforcement, defense, or other good causes. The national debt is like a ticking time bomb set to explode on future generations.

Congress can either run and hide or stop the debt clock and defuse the time bomb before it wreaks havoc on our children and grandchildren.

A balanced-budget amendment to the Constitution will not solve the problem by itself, but it will establish the framework and impose the discipline absolutely necessary to ensure Congress does balance the budget.

Mr. Chairman, I just received a letter from a 15-year-old Scout from my district in Arizona, Nicky Vejvoda. Nicky's letter reads as follows:

PHOENIX, AZ.

DEAR SENATOR JON KYL: My name is Nicky Vejvoda, and I am a 15-year-old Scout. I am not very happy that our Government is spending more money than they bring in. At home I have a budget book that I keep track of all my money I bring in, and take. If I spend more than what I have, then I am in trouble. How am I going to pay off the debt when I grow up? Please vote "yes" on the Balanced Budget Amendment.

Sincerely

NICKY V.

Mr. Chairman, I invite my colleagues to join me in answering Nicky's letter and the plea of all young Americans to end the destructive practice of deficit spending by passing the Kyl substitute, the balanced-budget-spending-limitation amendment which we will be voting on later today.

This proposal, Mr. Chairman, has been endorsed by a variety of organizations and individuals.

Just today in the Washington Times, there is an editorial by Walter Williams, a respected economics professor

at George Mason University and a nationally syndicated columnist. Here in part is what Dr. Williams said, and he talks about my proposed balanced budget amendment, and he says:

It's Section 2 of Mr. Kyl's amendment that gives it piranha-like teeth and as such creates dim prospects for passage: "A fiscal year's expenditures shall not exceed 19 percent of that year's gross national product." The reasoning is that 19 percent of the GNP is the average federal revenues collected over the last 40 years, despite good or bad economic times or tax rate increases or decreases. The spending limitation mandate would eliminate congressional hot-dogging with our earnings. The bill gives Congress incentive to enact growth policies; that's the only way it'd get more money to spend.

Mr. Kyl's proposal is the best thing going so far and would go a long way toward reining in congressional spending.

My proposal is endorsed by the Americans for Tax Reform, Citizens Against Government Waste, Citizens for a Sound Economy, Free the Eagle, National Association of Manufacturers, National Roofing Contractors Association, National Tax Limitation Committee, National Taxpayers Union, and many more. In fact, just today the Washington Times newspaper in its lead editorial endorsed my proposal, and that offered by my colleague, the gentleman from Texas [Mr. BARTON], and I quote in part from this editorial:

Posturing over a balanced budget is one thing. Actually putting teeth into is something else again. The two toughest of the four under consideration are offered by Republican Reps. Jon Kyl and Joe Barton. Mr. Kyl's proposal is scheduled to come to a vote tonight.

Mr. Kyl's resolution calls for more than just a balanced budget. He would go further, limiting federal spending to 19 percent of gross national product permanently. The Clinton team, trying to frighten the public from supporting a balanced budget amendment in the Senate, threatened huge tax increases, saying that only with them could the budget gap be killed. Mr. Kyl nixes that threat with his limit on spending.

Mr. Chairman, we will have an opportunity to vote on four substitutes beginning tonight and concluding tomorrow. I urge my colleagues to begin by voting yes on the Kyl substitute, the spending limitation which includes the line-item veto. Then I would urge tomorrow that they also vote "yes" on the Barton-Tauzin amendment and the Smith-Stenholm amendment. These are all three good approaches.

I would suggest that the best approach, as Walter Williams and several taxpayer groups have said is the spending limitation, because it not only assures that we achieve the balanced-budget requirement by limiting spending, which is the real problem—our problem is not we are not getting enough revenues, our problem is we are spending too much—but it also assures that we have the line-item veto to help enforce it.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. EWING], a great friend of the balanced budget amendment to the Constitution.

Mr. EWING. Mr. Chairman, it comes as no surprise to some of us that have not been around here too long that the national debt is a rock around our neck.

Now, poor judgment got us into that condition. That national debt has been growing since Harry Truman's time.

I take no great pride in the fact that under some Republican Presidents we have grown a lot on our national debt. But I also point out that at the same time we had Democratic-controlled Congresses.

We have in America separation of powers between the Congress and the administration. When the White House is controlled by one party and the Congress by another, we both have a dual responsibility to spend wisely.

It is obvious we have not been doing a very good job of that. Common sense would tell the responsible American business person that they have to balance their budget or they go out of business, or the responsible American family that if they fail to balance their budget, they will not have money for educating their children, recreation, health care, retirement, even providing a home.

These strangely are the very same things that this Congress wants to provide for our constituents. They are our responsibility of a conscientious government. So we had better put common sense into our spending and look at the American budget, if we want to provide Social Security retirement, health care for the less fortunate, education for our children, recreation, and even defense.

You know, I am very, very upset by the scare tactics used on senior citizens that are calling my office and saying, "If you vote for the balanced budget, they will cut Social Security." That is totally false. Nothing in any of these amendments would make us cut Social Security.

Ladies and gentleman, we have four choices. Three are all right. One is a fig leaf. Let us pass something that is meaningful for the American people.

Let us pass the balanced budget amendment that truly gets the job done.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. WISE. Mr. Chairman, I yield myself such time as I may consume, and I will be glad to yield to the gentleman on my time if that is agreeable to the other gentleman. My question is very simple: I respect what you say about Social Security. But is it not the simplest way—if you know that it will not be cut—is it not the simplest way to take it off budget and remove that issue of concern once and for all?

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

Mr. WISE. I am happy to yield to the gentleman from Illinois.

Mr. EWING. If we do not address the budgetary problems of this country as a whole, taking Social Security off budget will not do it.

□ 1400

We will not have the funds for Social Security in a few years; that is the point. And yet you tell people, senior citizens, that balancing the budget is going to destroy Social Security. In fact, not balancing the budget or taking it off budget will destroy Social Security.

Mr. WISE. Mr. Chairman, continuing to yield to the gentleman: What is the role, then, of Social Security? Why do you not just say we are going to give you the peace of mind, we are going to move it off budget? Unless you want to use Social Security—and I am not accusing the gentleman of planning to cut Social Security, please understand that—but I do understand that Social Security, under any administration, is used to mask the full size of the deficit.

It is used to mask the size of the deficit. Why not, then, move it off and let Social Security worry about Social Security's problems and worry about the operating income and the general Federal income on its own?

Mr. EWING. Because I think of our budget as a whole in this country and we have to look at it as a whole. When we start piecemealing it, that is when we get into trouble.

Mr. WISE. Does the gentleman from Texas [Mr. STENHOLM] want to get in on this?

Mr. STENHOLM. I would share the time that we might consume.

The CHAIRMAN pro tempore (Mr. MCNULTY). We are currently under the time of the gentleman from West Virginia.

Mr. WISE. Mr. Chairman, I request that I use my time and I know the gentleman from Texas will give me some time later.

Mr. Chairman, I yield to the gentleman from Texas.

Mr. STENHOLM. I think it is important that we clarify this. I do not know of a single Member of this House who is proposing to cut Social Security. I do not believe there is anyone who is proposing to do that. I certainly am not, and I know the gentleman from West Virginia is not; neither is the gentleman from Illinois.

What some of us believe, though, is that unless we deal with the total fiscal problems of this country today—and I would like to put in another, a little different perspective—if we agree, and most of us do agree, that the private pension funds of this country are having some difficulties today in this unfunded liability status—and they do—then perhaps we have the same in the Social Security fund today.

It is very true that, by talking about the Social Security trust fund as it is today, with current recipients, there is surplus. But all of us know that unless changes are made in the out years, that we are going to run into some additional problems, we are going to run into some unfunded liabilities. There are two ways to address that:

One of them is what the gentleman from Texas [Mr. PICKLE] will have, if he does not already, and that is to increase the retirement age for Social Security, so that we tell the young, our sons and daughters entering the work force today, "You will not be able to retire at age 67 as under current law but you will have to retire at age 68 or perhaps at age 70, and prepare for it." And if we do that, there will be no problem for anyone.

The second thing—and this is where I object to the language of exclusion of Social Security—if we have the unfunded liability, and we do, if it is true that our current surplus is roughly $360 billion, which it is, if it is true that we will build another add-on of the surplus this year of about $67 billion, let us round it off to $420 billion, that is still only about a 13-month period of obligation of those funds.

Therefore, I would hope that, as we talk about whatever we need to do in the entitlements, in Social Security, that we refrain from using that to spend it for other purposes, but we think in terms of building the Social Security trust fund so that there will be a greater assurance of that money being there for our children and grandchildren.

I yield back and appreciate the gentleman from West Virginia yielding to me.

Mr. WISE. Mr. Chairman, I am beginning to run a deficit on my own time.

Could I give up my time and grab a few minutes from you later on?

The CHAIRMAN pro tempore. The gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, I yield to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. We are balancing our rhetoric, if not the budget, at this point.

Let me just say, in response, that the gentleman makes some good points. I want to point out that the Social Security system is in a separate fund; it has always enjoyed that reputation, that integrity with the American people. Indeed, when many years ago there was a first attempt at encouraging, if you will recall, when the Treasury was beginning to divert some funds coming in, on a bipartisan basis this House raced in, closed that loophole, paid the money back with interest, and said, "Never again." I think that reflected the sanctity of the Social Security system.

Yes, indeed, there are many other areas, but those are not funded. They come out of the general fund, VA, Federal retirees, the COLA's particularly. I do not know of any other program that is totally generated with its own revenues, including the cost-of-living adjustments that Social Security recipients receive.

Furthermore, as the gentleman has been one of the ones most aggressive in promoting honest budgeting and honest accounting, and yet he has to be as frustrated as many of us to know that our real deficit is significantly higher because the Social Security surplus that the gentleman refers to masks that. It just seems to me that you could have sound fiscal policy by moving it off.

Finally, there is one other point sometimes made, and that is the concern that other programs would be moved under the Social Security umbrella if it were off budget, such as veterans' programs or other beneficiary programs. The gentleman and I both know of the sanctity of the Social Security system. We would be hung at every town meeting and every Member in here would, justifiably, if that was attempted to be done. Both those that are retirees and beneficiaries of the Social Security system, as well as those who look forward to drawing from it, watch that program very carefully. They have some questions, particularly younger people, about whether it would be there for them, but, boy, they are watching that program.

So, I do not think it is very likely you are going to see that kind of monkeying. I just think you protect Social Security more by moving it off budget and then you can have the honest debate about the overall income balancing the real budget of the United States.

I appreciate the gentleman yielding.

Mr. STENHOLM. Briefly reclaiming my time, I say that is precisely what the argument should be. It should not be, as we have heard one or two previous speakers, suggesting that those of us who support our version are going to somehow gut the Social Security system. That is furthest from the truth.

And I say, if I hear anyone else saying it, which the gentleman from West Virginia is not, we intend to challenge those statements, because we can differ as to how we fiscally get to the point, but we cannot differ regarding the intent. There is no stronger supporter of the Social Security system in this body than this gentleman from Texas. I believe I share that with the gentleman from West Virginia.

Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. HUTTO].

First, let me say that we heard some rhetoric earlier about some tough votes and on May 23, 1985, there was the Leach-Slattery-McCain piece of legislation on the floor. It was defeated 56 to 372, and the gentleman from Florida was one of the 56. It was one of those tough votes we can look back on. If we had all voted as did the gentleman and as I did, we would not be here today discussing the Social Security trust fund or any other aspect of our budget.

Mr. HUTTO. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the Stenholm balanced budget amendment, and I want to commend him on his work through the years. He has worked very, very hard to get our fiscal house in order to balance the budget. And this is the true balanced budget amendment, the Stenholm amendment, which our Nation needs to put our fiscal house in order.

The time has come to get our Government on the right track.

When I speak to my constituents about the deficit, I try to explain that the American people and Members of Congress want to reduce the deficit, but at the same time do not want a reduction in Government programs. We all know that something must give. While one can argue that Congress has the power to balance the budget right now, the political reality is that Congress needs an enforcement mechanism like the balanced budget amendment to hold our feet to the fire.

The Stenholm balanced budget amendment will provide the stick to see that the tough decisions are made to reduce our deficit. This is not an easy vote, but we must stand up now for the sake of our Nation's fiscal future.

I recently received a very touching letter from a 10-year-old constituent named Candy Magee from Pensacola who told me how much she wanted a balanced budget amendment, because she feared for the economic future of our Nation. Out of the mouths of babes—We must listen to our future. Much has been said about leaving this debt for future generations to bear.

My friends, the debt has already built to enormous proportions, more than $4 trillion, and we must correct this injustice. We simply cannot afford to mortgage the future of our young people.

Candy Magee says she thinks her debt to the Government at $17,500 this year is unfair. I agree. Can you imagine that? All of us, every man, woman, and child in the United States owes $17,500 just in interest on the national debt this year.

□ 1410

This constitutional amendment is necessary to get us out of the sea of red ink. The times demand it. We cannot continue to go on with business as usual. We must not think about special interests or what might happen when tougher votes follow. The American people sent us here to do what has to be done, and they deserve our devotion to duty.

So, Mr. Chairman, I urge my colleagues on both sides of the aisle to put aside the bickering over how to reduce the deficit and agree that we absolutely must balance our budget. So, vote for the Stenholm balanced budget amendment for this Nation's recovery.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Wyoming [Mr. THOMAS].

Mr. THOMAS of Wyoming. Mr. Chairman, let me begin by thanking the gentleman from Oregon [Mr. SMITH] and the gentleman from Texas [Mr. STENHOLM] for the very long and tireless efforts that they have put in on this issue, and I appreciate it much, and I hope everyone does.

The Federal Government has run deficits for 25 years straight; 55 of the last 63 years, deficits.

My colleagues say, "Well, we don't need to do much; we'll just fix it." That is not the evidence. That is not what we have done.

The national debt will grow to over $6 trillion by 1998, so the numbers speak for themselves. The national debt restricts economic growth and job creation, and it puts funding of every Federal program at risk. We need the discipline of a constitutional amendment.

Mr. Chairman, we have it in my State, a constitution amendment to balance the budget, and we balance the budget. We either cut back expenditures or we raise taxes, and it causes us, which is proper, to have a consideration of whether this expenditure is worth the taxes at cost-benefit ratio. That is what it is all about, and it forces that to happen.

Everyone here has said we need to do something, but I am a little concerned that we will have a wimpy amendment pass where people can say, yes, I voted for a balanced budget amendment, but the fact is it does not work. We had that a few years ago. We had it here in 1988, when they had the lowest—seventy-six had the lowest deficit, and then we found a way to go around it and say that is off budget so it does not count. It does count. It counts in the debt.

Mr. Chairman, this problem just will not go away. The longer we ignore the responsibility, the tougher it gets. The choice is simple. Either vote for Stenholm and begin to move forward or saddle our future generations with additional taxes.

It seems to me that budgets are more than a collection of numbers, that they are, in fact, a philosophical direction of where we want to go. Budgets decide whether indeed we want more government or whether we want less. If we want more government, we have to have more money, we have to have more taxes, or do what we have done in the past, and that is charge it. But our charge card is maxed out. And so budgets have something to do with philosophy.

I ask my colleagues, "Do you want more taxes or do you want less? Do you want more programs? Do you want less? Do you want to use the private sector? You want to use local government? You want more Federal Government programs?"

I certainly support the Stenholm amendment and the other two amendments that go with it, and I urge their support.

Mr. WISE. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia [Mr. BISHOP].

Mr. BISHOP. Mr. Chairman, Congress has a spending problem that threatens the economic foundation of our country. Our red-ink policies are mortgaging the future of our children and grandchildren.

In my home State of Georgia, we are required by law to have a balanced budget—and we do. We simply cannot spend more money than we collect—except for capital outlays which can be financed with bonds.

Georgia is one of the most fiscally sound States in the Nation today, largely due to the legal requirement of a balanced budget.

Yet, we are moving swiftly in Georgia to improve the quality of life for our people with quality programs for economic development, education, crime control, highway construction, tourism, health care, the environment, and agriculture.

We must have the same fiscal responsibility here in Washington as we do in Georgia.

That's why I signed the discharge petition to bring the balanced budget amendment to the floor today. That's why I support the Wise substitute to the balanced budget amendment that will force a balanced budget by the year 2001—except for instances of war and recession.

Most of all, Mr. Chairman, I strongly support the Wise substitute because it excludes the Social Security fund so as to protect our senior citizens. We need to protect the Social Security fund because its belongs to the people who helped build a strong America, who have worked hard and are now in the sunset of their lives. They deserve no less.

However, I will reluctantly support the Stenholm version of the balanced budget amendment as a less attractive option, because of the impact it could arguably have on senior citizens.

Yet, we all know that it's time for us to bite the bullet in favor of fiscal responsibility. It's time for a balanced budget. And to make that happen, it's time for a balanced budget amendment.

I, therefore, urge my colleagues to vote to lift us from the quicksand of deficit spending that is about to suck us under. Vote for the balanced budget amendment.

Mr. STENHOLM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WISE) having assumed the chair, Mr. MCNULTY, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the joint resolution (H.J. Res. 103) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, had come to no resolution thereon.

CONFERENCE REPORT ON H.R. 3345, FEDERAL WORKFORCE RESTRUCTURING ACT OF 1994

Mr. CLAY submitted the following conference report and statement on the bill (H.R. 3345) to provide temporary authority to Government agencies relating to voluntary separation incentive payments, and for other purposes:

CONFERENCE REPORT (H. REPT. 103-435)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 3345), to provide temporary authority to Government agencies relating to voluntary separation incentive payments, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, and 4, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

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

SEC. 6. MONITORING AND REPORT RELATING TO VOLUNTARY SEPARATION INCENTIVE PAYMENTS.

No later than December 31st of each fiscal year, the Office of Personnel Management shall submit to the Committee on Governmental Affairs of the Senate and the Committee on Post Office and Civil Service of the House of Representatives a report which, with respect to the preceding fiscal year, shall include—

(1) the number of employees who received a voluntary separation incentive payment under section 3 during such preceding fiscal year;

(2) the agency from which each such employee separated;

(3) at the time of separation from service by each such employee—

(A) such employee's grade or pay level; and

(B) the geographic location of such employee's official duty station, by region, State, and city (or foreign nation, if applicable); and

(4)(A) the number of waivers made (in the repayment upon subsequent employment) by each agency or other authority under section 3 or the amendments made by section 8; and

(B) the title and the grade or pay level of the position filled by the employee to whom such waiver applied.

SEC. 7. DISLOCATION PAYMENTS FOR CERTAIN CONTRACTOR PERSONNEL.

(a) PAYMENT.—No later than October 31, 1994, the Director of the National Aeronautics and

Space Administration shall pay $5,000 to each full-time contractor employee who—

(1) was hired, under a contract relating to the Advanced Solid Rocket Motor Program, by—

(A) Lockheed Missiles and Space Company;

(B) Aerojet Corporation, Advanced Solid Rocket Motor Division; or

(C) Rust Corporation;

(2) was separated from employment in Yellow Creek, Mississippi, as a result of the termination of the Advanced Solid Rocket Motor Program; and

(3)(A) had been hired locally at Yellow Creek, Mississippi; or

(B) based on the separation referred to in paragraph (2), was eligible, but elected not, to be relocated.

(b) OFFSET.—No payment made under this section shall be offset against the severance costs of a contractor.

(c) SOURCE OF PAYMENTS.—Payments under this section shall be from funds appropriated under the subheading "SPACE FLIGHT, CONTROL AND DATA COMMUNICATIONS" under the heading "NATIONAL AERONAUTICS AND SPACE ADMINISTRATION" under title III of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994 (Public Law 103-124; 107 Stat. 1299).

(d) LIMITATION ON PAYMENTS.—The amount of total payments made under this section may not exceed $1,000,000.

And the Senate agree to the same.

From the Committee on Post Office and Civil Service for consideration of the Senate amendments to the House amendment, and modifications committed to conference:

WILLIAM CLAY,
FRANK MCCLOSKEY,
ELEANOR H. NORTON,
CONSTANCE MORELLA,

From the Committee on the Judiciary, for consideration of Senate amendment numbered 1 and modifications committed to conference:

JACK BROOKS,

From the Committee on Government Operations, for consideration of Senate amendment numbered 1 and modifications committed to conference:

JOHN CONYERS,
EDOLPHUS TOWNS,

From the Committee on Rules, for consideration of Senate amendment numbered 1 and modifications committed to conference:

BUTLER DERRICK,
ANTHONY C. BEILENSON,
Managers on the Part of the House.

JOHN GLENN,
DAVID PRYOR,
JIM SASSER,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 3345) to provide temporary authority to Government agencies relating to voluntary separation incentive payments, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

SENATE AMENDMENT NUMBERED 1

Senate amendment numbered 1 to the House amendment proposed to insert a new section 6 and section 7 in the House amendment. The proposed section 6 would establish a "Violent Crime Reduction Trust Fund" as a separate account in the Treasury. For each of fiscal years 1994 through 1998, specific amounts would be deposited in the Fund representing the savings achieved by the Federal employee workforce reductions mandated under section 5 of the House amendment. The amounts in the Fund would be appropriated only for the purposes authorized in the Violent Crime Control and Law Enforcement Act of 1993 and would not be subject to any budget enforcement procedures under the Congressional Budget Act of 1974 or the Balanced Budget and Emergency Deficit Control Act of 1985.

The new section 7, proposed to be inserted by Senate amendment numbered 1, would require the Director of the Office of Management and Budget to reduce the discretionary spending limits set forth in section 601(a)(2) of the Congressional Budget Act of 1974 by $720,000,000 in new budget authority and $314,000,000 in outlays in FY 1994; $2,423,000,000 in new budget authority and $2,330,000,000 in outlays in FY 1995; $4,267,000,000 in new budget authority and $4,184,000,000 in outlays in FY 1996; $6,313,000,000 in new budget authority and $6,221,000,000 in outlays in FY 1997; and $8,545,000,000 in new budget authority and $8,443,000,000 in outlays in FY 1998.

The conference agreement substitutes an entirely new text for the text of sections 6 and 7 as proposed to be inserted by Senate amendment numbered 1. In lieu of the matter contained in the proposed section 6 of the Senate amendment, the conference agreement substitutes a new section 6 which requires the Office of Personnel Management to submit a report, no later than December 31 of each fiscal year, to the Congress relating to the voluntary separation incentive payments authorized under section 3 of the Act. The annual report must include information on the number of employees who received a voluntary separation incentive payment under section 3 of the Act; the agency from which each such employee separated; the employee's grade or pay level at the time of separation; the geographic location of the employee's official duty station; the number of waivers granted in the case of reemployment by the Government; and the title and pay level of the position filled by the employee to whom such waiver applied.

In lieu of the matter contained in the proposed section 7 of the Senate amendment, the conference agreement substitutes a new section 7 which authorizes "dislocation pay" for NASA Advanced Solid Rocket Motor contractor employees hired locally by Lockheed Missiles and Space Company, Aerojet ASRM Division, and the Rust Corporation at Yellow Creek, Mississippi.

Two major science/space programs, the Super Collider and the Advanced Solid Rocket Motor Program (ASRM), were terminated by the Congress last year. While Congress provided Super Collider contractor employees with both relocation and dislocation assistance, ASRM employees were allowed only relocation assistance. This language would provide equity and consistency with respect to how these contractor employees are treated after program termination.

The new section 7 authorizes dislocation payments of $5,000 to each of approximately 175 individuals who were full-time ASRM contractor employees at Yellow Creek. Since the dislocation pay would be funded from existing appropriations for ASRM termination, the amendment has no budgetary impact.

SENATE AMENDMENTS NUMBERED 2, 3 AND 4

These are clerical amendments redesignating section numbers. The House recedes.

From the Committee on Post Office and Civil Service for consideration of the Senate amendments to the House amendment, and modifications committed to conference:

WILLIAM CLAY,
FRANK MCCLOSKEY,
ELEANOR H. NORTON,
CONSTANCE MORELLA,

From the Committee on the Judiciary, for consideration of Senate amendment numbered 1 and modifications committed to conference:

JACK BROOKS,

From the Committee on Government Operations, for consideration of Senate amendment numbered 1 and modifications committed to conference:

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Managers on the Part of the House.

JOHN GLENN,
DAVID PRYOR,
JIM SASSER,
Managers on the Part of the Senate.

BALANCED BUDGET CONSTITUTIONAL AMENDMENT

The SPEAKER pro tempore (Mr. WISE). Pursuant to House Resolution 331, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the joint resolution, House Joint Resolution 103.

□ 1417

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the joint resolution (H.J. Res. 103) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, with Mr. SKAGGS in the chair.

The Clerk read the title of the joint resolution.

The CHAIRMAN. When the Committee of the Whole rose earlier today, we were in general debate on House Joint Resolution 103.

The Chair recognizes the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Chairman, I come to the well of the House today somewhat reluctantly but in strong support of the approach of the gentleman from Texas [Mr. STENHOLM] to our monetary difficulties.

Since 1974, Mr. Chairman, the country, through the Congress, has weighed this Budget Act for deficit spending over 600 times. We, as history will con-

clude, collectively, both administrations, Democrat or Republican, and the Congress, whether it was Democratically controlled in the House or the Senate, both or one, have been unable, with the collective advice and consent of the citizens of this country, the voters of this country, to bring our financial house in order.

There are two factors about this debt that concern me. No. 1, it is relative. A $4 trillion debt to a $7 trillion economy is one thing. A $4 trillion debt to a $15 trillion economy is somewhat less severe.

□ 1420

Our economy needs to grow and our debt needs to stay the same or stable.

The second thing that bothers me most about this debt is that we have mortgaged our country. In 1979 to 1980, about 8.9 cents out of every revenue dollar went to pay interest on our national debt. Today we are paying 14.5, almost 15 cents of every revenue dollar as interest on the national debt. What we and others who have come before us and the people who return us here have done is mortgaged our home, our country, from an 8-percent rate in 1980 to an almost 15-percent rate today. That cannot continue. We now, even with the Budget Act that was passed last year, are headed toward a 15, 16, or 17-percent mortgage rate on our country.

It has been suggested that we cannot get to a balanced budget if we do just a yearly balanced budget by 2001. As the gentleman from Texas has suggested, we still have a $4 trillion debt, and that will go to $5 or perhaps $6 trillion by the year 2000. So we have a debt, no matter what we do here today. We just cannot continue raising the interest rate and continue to mortgage our country. That is why I think the time has come for us to collectively put everything on the table. I think we are going to have to do something about our debt and our deficit, and we are going to start today.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado [Mr. HEFLEY].

Mr. HEFLEY. Mr. Chairman, 200 years ago, Thomas Jefferson wrote that if he could add just one amendment to the Constitution, it would be a prohibition against Congress borrowing money.

Such an amendment, he reasoned, would defend the American people from the tyranny of government by keeping the Federal Government within its constitutional bounds. If Jefferson thought taxation without representation was bad, he should see it with representation.

Unfortunately, Mr. Jefferson never got his amendment and the Government we have now is the culmination of his fears—a bloated and ineffective mass that stretches its constitutional authority to the limit.

How bad is it? This year, with the introduction of his budget, Bill Clinton claimed his administration's policies had solved the budget crisis.

His Director of OMB, Leon Panetta, stated that Republicans would have killed to be able to offer this budget.

And we have been exposed to Democrat after Democrat crowing about the strength of the economy and their success at cutting the deficit.

What were they all cheering about?

According to Clinton's budget, the deficit will fall to $175 billion next year. Then it will rise to $182 billion in 1997, $256 billion in 2001, and $365 billion in 2004.

In Washington, this is considered success.

Obviously, something stronger is needed.

Despite these awesome numbers, some groups still oppose the balanced budget amendment.

First, they fear a balanced budget amendment will tie the hands of Congress and force it to cut some programs in order to fund others.

In other words, they fear that Congress will have set priorities and stick with them.

That is not an argument against a balanced budget amendment. It's an argument for it.

If special interest groups object to the balanced budget amendment because it would restrict Congress' ability to spend and make the budget process less flexible let's pass it quickly.

Unrestricted, flexible spending is what created the deficit in the first place.

Second, there are those groups who question the effectiveness of a balanced budget amendment. They claim it is just a feel-good measure which will fail to reduce the deficit and will add lots of unnecessary detail to the Constitution.

Someone should get the opponents of the amendment together and let them know their arguments contradict each other.

Which is it? Will the balanced budget amendment will work or not?

The answer is the balanced budget amendment will establish the framework under which Congress will have to make its spending decisions.

Congress will still have to make the spending decisions, but it will be done without the open-ended funding option now available.

Mr. Chairman, this is the third time in the last 4 years the House will vote on a balanced budget amendment.

Four years ago opponents of the balanced budget amendment argued that Congress didn't need the amendment to balance our budget. We have the power right now, they argued, to deal with our deficit without amending the Constitution.

The House defeated the amendment by seven votes.

Since then, the Federal debt has grown by over $1 trillion.

Two years ago, opponents of the balanced budget amendment argued that the amendment would demean the Constitution, tie Congress' hands, and hurt the economy.

The House defeated the amendment by nine votes.

Since then, the Federal debt has grown by over $500 billion.

Mr. Chairman, let us end this deficit madness. Let us allow future generations of Americans to decide for themselves how they want to spend their money.

The balanced budget amendment is not the final answer to our fiscal problems, but it will provide a measure of discipline that doesn't exist now. For that reason, I applaud this effort and strongly support the balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to my friend, the gentleman from Kentucky [Mr. BUNNING].

Mr. BUNNING. Mr. Chairman, I rise in support of a balanced budget amendment to the Constitution, the amendment offered by the gentleman from Texas [Mr. STENHOLM], the gentleman from Oregon [Mr. SMITH], the gentleman from Arizona [Mr. KYL], or the gentleman from Texas [Mr. BARTON]—any of those or all of the above.

Mr. Chairman, I have 23 grandchildren and not 1 of them has lived a single day under a balanced Federal budget. That says something is wrong. That says it's time to change the way Congress does business.

A balanced budget amendment would force us to change: force us to make the hard choices we should have been making all along; it's the right thing to do.

Still, there are those today, squawking away like dime store parrots, who say we don't need a balanced budget amendment. Before you listen to their song, take a close look at who they are and why they're squawking.

Sure, the hogs on the bill—the Washington big spenders—say we do not need an amendment. They say we can balance the budget without it. Twenty-five years of red ink say they're wrong. The truth is that they don't want to quit spending.

Plenty of other folks around the country; folks riding high on the taxpayer gravy train, are squawking, saying we do not need a balanced budget amendment. The truth is that pigs feeding at the trough never like to be interrupted.

And then there are the so-called senior citizen advocates who are peddling fear to senior citizens by telling them a balanced budget amendment would threaten Social Security benefits. This is an outright lie—an outrageous lie.

The truth is that a balanced budget amendment would be the finest guarantee possible that the Federal Govern-

ment will, in fact, be able to honor its commitments to our senior citizens when we get down the road 10, 20, or 30 years from now.

The largest threat to Social Security is and always has been deficit spending.

We need a balanced budget amendment to protect Social Security; to stop the gravy train; and to slow down the hogs on the hill.

But most of all, we need a balanced budget amendment for our children and our grandchildren. Don't mortgage our children's futures and don't bury our grandchildren's dreams under another 25 years of red ink and broken promises.

This amendment is change. This amendment is reform. This amendment is a bright neon promise to our children—our grandchildren—and to all future generations that Congress has finally gotten the message—it's the national debt stupid.

I urge my colleagues to ignore the squawking and vote for reform—for change—and for a balanced budget for our children.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. LEVY].

Mr. LEVY. Mr. Chairman, with the Nation drowning in a sea of red ink, the debate in which we engage this afternoon may be the most important discussion that we have in this Congress. And I hope that the American people are watching, Mr. Speaker, because today we find out who has been sincere—and who has not—when they said that the Government spends too much.

This is the day in which we learn who thinks that, like every American family, the Government should stop borrowing to finance day-to-day operations except in extraordinary circumstances.

It's the day on which we learn who believes that the Federal Government ought to conduct itself like 90 percent of our States have to—by balancing their books every year and reducing spending levels so as not to exceed the moneys that are available.

Now, many people will come to the floor today to say that we don't need a balanced budget amendment.

It's OK, they say, to routinely spend more money than we have. And apparently, they do believe that.

We need a balanced budget amendment. It's the only way that we will reduce the deficit that Congress has created.

Think about it: If every person in America sent Washington a check for $17,000—if every family of four sent in $68,000 tomorrow—we'd still be in debt. And that is true because the men and women who have served in this Chamber—and in the Senate—haven't had the discipline to say "no" when asked to spend money that their country did not have.

Mr. Chairman, I want to address some comments to the senior citizens who have been told that a balanced budget amendment threatens the services and benefits that they receive from their Government.

In fact, my friends, your benefits are in jeopardy. But it is not what we talk about today that threatens you. It is the rising Federal debt. It is the interest payments we make on the debt—the hundreds of billions of dollars that we pay because we have borrowed so much—that threatens every Federal program. We have got to stop.

Let us bring an end to fiscal irresponsibility. Support the balanced budget amendment.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair wishes to remind the gentleman from New York [Mr. LEVY] that under the rules of the House he should address his comments to the Chair and not to an audience outside the Chamber.

Mr. WISE. Mr. Chairman, I yield myself such time as I may consume just to say this:

I would just say for the benefit of the previous two speakers that nobody disagrees that one of the best things we can do for all citizens, including senior citizens, is to reduce interest and to keep interest rates down, because reducing the deficit benefits everyone.

But I have to keep coming back and challenging them with this: I ask, why do we not just give senior citizens the ultimate guarantee, and that is take it off budget. We do deficit reduction and we take it off budget, which is exactly what the Wise-Pomeroy-Price-Furse-Byrne-Eshoo amendment does.

Mr. Chairman, I now yield such time as she may consume to the gentlewoman from Virginia [Mrs. BYRNE], who can speak knowledgeably on that subject.

□ 1430

Mrs. BYRNE. Mr. Chairman, I rise in support of the Wise balanced budget amendment and in opposition to the Stenholm and other Republican amendments. As a former Member of the Virginia State Assembly Finance Committee, I helped balance seven consecutive State budgets. We did not do it because it was easy. We did not say to the voters that we had all the answers. We did it because Virginians demand that we keep our fiscal house in order and our Constitution says it.

Forty-nine out of fifty States balance their budgets. Millions of businesses and families every year balance their budgets. I do not think we even need to talk any more about whether the Federal Government should be made to do the same. Of course, it should.

The question is are we going to give the Federal Government the same tools that States, the private sector, and families use to balance their budgets?

If we vote for the Stenholm amendment, I believe the answer is no. These plans continue the same budgetary shell game that has been played for decades. The Federal Government holds the notion that there is no difference between the money they borrow to pay yearly expenses and the money they spend on long-term investment.

No business, no family in the country, budgets this way, certainly no State governments. Businesses borrow to build factories; families borrow to buy homes; and States borrow to build prisons and roads. They all make sure that their operating budgets are balanced, while their long-term expenses are amortized over the useful lives of their investment. They know the difference between investment and overspending, but the Federal Government has never caught on.

Today on the floor we have heard at least three references to Mr. Jefferson's abhorrence of debt. As a gentlewoman from Virginia, I can tell you as President Jefferson, he borrowed $15 million for the Louisiana Purchase and did so without congressional authorization, but that is another story.

The fact is that Mr. Jefferson, as President Jefferson, knew that for the expansion and the great necessity of this country, we had to make investment. We had to do it. There are those times when we should do it, and let us not confuse those times with our operating debt.

Including capital expenditures in the budget is an one-time, fits-all approach to budgeting that will create a constitutional tourniquet that will cripple our strong economy and cost jobs for this Nation. Even worse, the Stenholm and other Republican amendments continue the accounting trick that turns the Social Security trust fund into money that government uses to offset the debt and to mask that deficit.

But, Mr. Chairman, Social Security is not the government's money. Social Security belongs to the people who paid into the system. If you are truly serious about saying that this will not affect Social Security, then take it out of the picture. There is only one way to take Social Security out of the picture, and that is to vote for the Wise amendment.

The other plans that are available, let Government continue to use more false numbers and make more false promises. Their supporters claim they are doing just what other States do, but if we hold the Federal Government to the same standards as the States, let us give them the same rules. The only amendment that will allow Government to make investments in the future, while keeping accounting honest, is the Wise amendment, and I ask for its support.

Mr. WISE. If the gentlewoman will yield, I appreciate her statement very much, and particularly her history lesson. Is it not a bit ironic that there are

some in this Chamber who would urge a balanced budget amendment, and yet they are from the area encompassed by the Louisiana Purchase. Had Jefferson carried out what they said he meant, they would be using a voting card in Paris in order to vote on behalf of their constituency.

Mrs. BYRNE. Reclaiming my time, I would say to the gentleman that I am sure that President Jefferson knew that he had an opportunity to make this country greater, and he took it. And when he looked at deficit spending in theory, I am sure he did not anticipate those kinds of capital expenditures when he did become President. So indeed it is an irony that those same people who would support not having a capital improvements budget, would also not be here if the Louisiana purchase were not made, if they followed Jefferson's prescription.

Mr. WISE. If the gentlewoman will yield further, it is true as well, and I thank the gentlewoman, that the only amendment on the floor during this debate and that will be voted on that has a capital budgeting provision and permits those kinds of expenditures that have a long term economic return is the Wise-Price-Pomeroy-Byrne-Eshoo-Furse substitute.

Mrs. BYRNE. Mr. Chairman, reclaiming my time, that is the only one that has a capital budget and the only one that absolutely guarantees that Social Security will not be a part of this discussion.

Mr. WISE. Mr. Chairman, I yield such time as he may consume to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Mr. Chairman, I wanted to congratulate the gentleman from West Virginia [Mr. WISE] and the Gang of 6 that have joined together in this effort to offer a constitutional amendment that I think really faces up to the problem that we have in this country of sustained long-term annual deficits, but does it in a way that I think is very realistic and fair in the traditional analogy that is always made to the budgets of our States and localities.

Amending the Constitution does not provide a major stumbling block for me personally. I think there is nothing inappropriate about having in the Federal Constitution language similar to what exists in many of our States on the question of annual deficits. Discipline might be actually advanced if we had such a provision.

But what I am concerned about is the constant analogy that we face that pretends that the budget that we have at the Federal level is similar to the kinds of budgets we have at the State and local level. In my view, that is just not the case.

So I have serious concerns about the Stenholm proposal, and I think the proposal that the gentleman from West Virginia [Mr. WISE] and the gentleman from North Carolina [Mr. PRICE], and others have put together, really does go to some of the essential differences that ought to be included in any amendment that we would adopt.

First of all, I think we all understand that many of our States have general or operating funds which are in balance, but which have large capital budgets which are accounted for in a totally different way.

We at the Federal level, of course, put them all into one pot. We have I think, an impossible task in the short run, certainly, if we are to take the concept of a balanced budget and apply it to our system. Because not one, and this is really the bottom line, of the States has a balanced budget requirement like the one that the Stenholm proposal would mandate for the Federal Government.

Forty-eight percent of all total spending in 1992 was of the general fund or operating fund type. That is, I think, a very different environment than what we face here. And I would hope that all of us who really believe that we have got to be more honest about the way we budget would begin by creating a concept of a capital or investment budget that is included in this proposal.

The reason I think this is the most intellectually honest one though is that we should not take the annual cost of paying that debt off budget. The Wise-Price budget amendment will make sure that we factor into our annual operating budget, should their amendment be adopted, the cost of servicing that debt, which should be considered every time we incur it, just as it is at the State level when legislators vote to put on the State ballot a bond act for any number of positive purposes.

In addition, I cannot support a super majority. A three-fifths vote, or any vote beyond a majority, it seems to me, strikes at the fundamental principles of majority rule.

My State of California annually ties itself in knots during the budget process because, I think like only five other States, it requires a two-thirds majority to pass a budget. In recent years, the Governor, a Republican, has been unable even to get most members of his Republican minority in the legislature to support his budget resolution.

Last year, that impasse was resolved more quickly because the public outcry over gridlock in Sacramento reached such a point that both parties concluded it would be appropriate once and for all to put aside the annual budget battle for the good of the order.

□ 1440

But whether it be for personal or political or policy reasons, too often a minority, for reasons perhaps even unrelated to the issue at hand, the passage of the annual budget, can tie the process of legislating, of governing, in fact, up into such a tight knot that nothing gets done. And while that may serve the interests of a few, in the long run it does nothing but undermine public trust in government.

If we were to take a step in the enactment of the Stenholm amendment to further complicate the process of passing the most important document anybody enacts in any given fiscal year, it seems to me we would be taking not only a step back toward gridlock but moving in the direction of further reducing public trust in the institutions that we serve in.

It seems to me, as well, that last but not least, we really do need to look at Social Security as a separate program. We understand that Social Security runs surpluses at times in order to cover the needs of the baby boom generation, perhaps, that is coming in the next century and burdening us at a time when taxpayers will have enough on their plate but to absorb a rapid increase in some sort of payroll tax.

So we adjust our income, our revenue from Social Security to fit the demographics of the time we are part of. This is not a trust fund in the traditional sense of a pension fund, but it is a revolving fund that has historically meant to seniors, in fact, all who hope to become seniors in our society, that we will, in fact, have money for them when they are eligible. It seems to me that we ought not to expose Social Security to the kind of cuts that would be perhaps required under a draconian imposition of the Stenholm constitutional amendment.

I think we are all aware that it is going to take time for us to get to a point where even any of these amendments could be adopted and implemented, because, in fact, while we are moving in the right direction, now with the lowest deficits since 1978 in real economic terms, with a 40-percent reduction over the deficit anticipated under the last administration for the next fiscal year, while we are moving in the right direction for deficit reduction, we are going to have to stay the course And we are going to have to avoid, frankly, spending on many things that would be preferable and desirable in our society. But we are not going to be able to get the ultimate point where any of these amendments could apply without continued discipline. So what I would suggest is that we pass the Wise-Price amendment, put in place a timeframe in which we could begin to live with it, and at the same time, stay the course on the economic policies that this administration has in place, plus enact the additional restraints on entitlements that we know are needed, particularly in the area of health care, which is driving almost all our outyear spending, and then begin to learn to live with a capital budget, with an investment budget that will more honestly account for the way in

which we set priorities among the annual expenditures for the maintenance of government operations and the entitlements, the efforts to maintain income in the private sector that we are so heavily involved in as a society.

I want to congratulate those who have come together to put this package together. I think it meets the challenge that the amendment of the gentleman from Texas [Mr. STENHOLM] presents us in a more understandable and honest and realistic way. I do want to say, however, that the contribution of the gentleman from Texas [Mr. STENHOLM] is clear to us all.

Not only on this issue but on all related spending matters, his ability to galvanize the public and to speak to the conscience of his colleagues here in Congress has been most helpful. And while I think I come to a different point than he does on the solution to this problem, I want to congratulate him for advancing his cause and a cause that we are all caught up in and want to deal with. Regrettably, I think it will be seen soon in a variety of different ways. But I do want to conclude my remarks by particularly thanking those who have intellectually and honestly addressed the challenge and have brought us an amendment that I can strongly support, when it is voted on tomorrow.

Mr. Chairman, I rise in support of the Wise substitute to House Joint Resolution 103, the constitutional amendment to require a balanced Federal budget.

Amending the Constitution to provide incentives for fiscal restraint will give us the discipline we need if we are going to continue to reduce our overwhelming deficits. But we need to ensure that our budget process balances this critical discipline with the flexibility that will enable us to make fiscal policy adjustments. That is why I have serious concerns about the Stenholm proposal.

First, supporters of the Stenholm proposal like to cite the fact that it requires the Federal Government to balance its budget just like States have to. But we must be both honest and realistic when we look at how States actually do balance their budgets. To begin with, States' balanced budget requirements often do not apply to their total budgets. They only apply to their general or operating funds which, in 1992, only accounted for 48 percent of total State spending. And, in spite of requirements to balance their budgets, we must remember that States issue bonds, borrow money, carry funds over from year to year, and they have the ability to cut programs and services unilaterally. The bottomline is that not one State has a balanced budget requirement like the one that the Stenholm proposal mandates.

Second, the Stenholm proposal requires that total Federal outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the total membership of the House and senate vote for a specific deficit by a rollcall vote. This gives the minority—the other two-fifths—the ability to control the process of passing the budget.

I can well remember the California State budget crisis in the summer of 1992 when the State legislature and Governor were held hostage because a two-thirds majority was needed to approve budget changes made by the Governor. This created gridlock. By example alone, this represents the need for the majority, not two-thirds or two-fifths, to control the budget process and to change our spending priorities. But the Stenholm proposal would take us right back to where we were before—enmeshed in the gridlock that plagued this Government for over 10 years.

Third, we must realistically confront capital budgeting—the critical investments in essentials like our schools, our infrastructure, and our national security that provide long-term economic returns—something which the Stenholm proposal does not do. The Wise substitute, however, deals with capital spending honestly and effectively. It sets up a separate capital budget—just like States do—for these expenses, and it provides that these investments be paid for over their useful life.

Last—but by no means least—the Stehnolm proposal leaves the Social Security Program wide open for cuts. In these times of deficit reduction and spending cuts, Social Security is a most appealing target. But cuts in Social Security would deprive older and retired Americans of critical benefits that are rightly theirs—benefits that have been promised to them to help ensure their economic security in their golden years. By not exempting Social Security, the Stenholm alternative lays the groundwork for pulling the rug out from under older Americans at the time in their lives when they are most vulnerable. But the Wise option protects their interests by specifically exempting Social Security from balanced budget calculations.

I have always maintained that the budget must be balanced—that the large annual deficits we are carrying are undermining America's future. We cannot continue to perpetuate this burden on our future generations. But, if we are to meet this challenge, we must do so responsibly, honestly, and realistically.

For this reason, I support the Wise Price substitute to the balanced budget constitutional amendment. It will not permit a minority in Congress to overpower the majority for their own political or policy interests. It will enable us to continue to make the critical long-term investments that we need to ensure our continued economic health. And it will not balance the budget on the backs of older and retired Americans. I urge my colleagues on both sides of the aisle to support its passage.

Mr. SMITH of Oregon. Mr. Chairman, I yield myself 1 minute and 30 seconds.

Mr. Chairman, I just wanted to reflect for a moment, the first section of the Smith-Stenholm resolution states, section 1:

> Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless there are three-fifths majority of each House, House and Senate, which allows that to happen.

That sentence strikes fear into the big spenders in this Congress. That is the thing they cannot handle. And the reason it is very difficult is simply because we indeed have masked this budget over the years. Of $150 billion trust funds, there is $113 billion that is masked. This takes the mask off. We have to identify every receipt and every expenditure and, therefore, the mask comes off, not goes on.

Beyond that, this amendment will save Social Security. There is not one person that supports Smith-Stenholm that does not support Social Security, not one. And yet the threat here seems to be that we are going to eliminate Social Security. How ridiculous.

And one other point here, the capital budget idea is a giant loophole in this whole process. Congress will continue to spend money, calling it "capital expenditures." It is a way to duck the hard decisions that we are all trying to make and to bring this budget into balance. It is a method of getting out of the responsibility.

Mr. Chairman, I yield 2 minutes to the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Mr. Chairman, I am a firm believer that our States are the laboratories of democracy—49 States have a balanced budget requirement. This responsible fiscal policy has served the States extremely well. It is time to require the Federal Government to play by the same, sound financial rules that have proven to be so effective in our States.

And, I know first hand the value of a constitutional balanced budget amendment. As Governor of Delaware, I submitted and managed eight consecutive balanced budgets. During times of prosperity in the early 1980's, we were able to cut taxes three times and fund some much-needed social, children's, housing, and highway programs.

However, during a couple years of tough economic conditions, Democrats and Republicans came together—tightened our belts, cut spending—and, implemented a highly successful early retirement option for State employees to reduce the government payroll. Due to the fiscal discipline required under the balanced budget law, the State of Delaware maintained its excellent bond ratings on Wall Street and weathered the recession remarkably well.

As Governor of Arkansas, Bill Clinton knew the value of a balanced budget requirement. On February 17, 1979, he told the Arkansas Gazette,

> Arkansas was lucky that we can fall back on our constitution that doesn't allow us to spend more than we take in * * * I believe the government in Washington ought to be run on a balanced budget too, unless there is an economic emergency.

Unfortunately, President Bill Clinton has abandoned his support of a balanced budget amendment. In a letter to congressional leaders dated November 5, 1993, he expressed his, "firm opposition" to a balanced budget amendment—saying it would, "promote political gridlock and would endanger our economic recovery."

Mr. Chairman, I respectfully disagree. A balanced budget amendment has not promoted political gridlock or endangered economic recovery in our States. To the contrary—from my experience as Governor of Delaware, the need to enact and maintain a balanced budget brings the two parties together—working toward a common goal, and promotes sound fiscal decisions to sustain economic growth.

The bottom line is that since 1969, the Federal Government has spent more money than it takes in. Congress has proven it is unable to control its appetite to tax and spend. Make no mistake, simply enacting a balanced budget amendment will not balance the books. However, I believe it will impose the financial discipline needed to make the tough decisions on how to cut spending and restructure Government operations so we can stop charging billions and billions of dollars every year on some imaginary credit card—leaving our children and grandchildren to pay the bills.

I urge my colleagues to vote for the Stenholm, Smith, Kyl, and Barton balanced budget amendment substitutes.

Mr. WISE. Mr. Chairman, may I inquire of the Chair how much time is remaining on each side?

The CHAIRMAN. The gentleman from West Virginia [Mr. WISE] has 56 minutes remaining, the gentleman from Texas [Mr. STENHOLM] has 36 minutes remaining, the gentleman from Oregon [Mr. SMITH] has 45½ minutes remaining, and the gentleman from California [Mr. GALLEGLY] has 1 hour and 22 minutes remaining.

□ 1450

Mr. WISE. Mr. Chairman, I yield 4 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, Mark Twain used to say, "Everyone talks about the weather, but no one does anything about it." I would like to paraphrase that, and say, "Some of us talk about a balanced budget—and some of us do something about it."

In this case, we know who the talkers are. They are those of my colleagues—on both sides of the aisle—who are advancing the idea that amending the Constitution can balance the budget. With all due respect, this is simply not the case.

We know how to balance the budget. We know it is not easy, quick, or pleasant. It is done through painstaking scrutiny, not through broad-brushed rhetoric. It is done through tough-minded decisions, not through easy slogans. And above all, it is done honestly—by laying out the options, explaining the consequences, and debating the choices.

This Congress knows how to do it, and has made substantial progress in that direction. Last summer's reconciliation package is working, moving us toward the lowest Federal budget deficit in a decade. Yet many of my colleagues who are most dedicated to a balanced budget amendment passionately opposed that plan. And now, some say they opposed it because it did not do enough.

Mr. Chairman, how can a statement that we ought to do something—or even a statement that we be required to do something—take the place of actually doing something?

Of course, there is no guarantee that a balanced budget amendment will ensure fiscal responsibility. In fact, there is every reason for fear that, with an amendment, that goal will become more elusive.

Far from ensuring that a balanced budget must be passed, the amendment simply ensures that a budget supported by three-fifths of the House must be passed. Why? Why make it more difficult to enact a responsible budget? Why make it more difficult to kill unnecessary programs, to enact responsible reforms, to make unpopular choices?

As the Washington Post noted on Tuesday, a balanced budget amendment would allow 40 percent of the House or Senate to hold the entire process hostage. At what cost might that hostage's freedom be purchased?

Mr. Chairman, I believe that the balanced budget amendment is more than unnecessary. It could block our progress toward a responsible budget, and I urge my colleagues to oppose it.

Mr. STENHOLM. Mr. Chairman, I yield such time as he may consume to the gentleman from Mississippi [Mr. MONTGOMERY], another one of the courageous 56 who voted for the Leath-Slattery-Mackey amendment in 1985. Had that been in the majority, we would not have been here today.

Mr. MONTGOMERY. Mr. Chairman, I thank the gentleman for yielding time to me. I rise in strong support of the balanced budget amendment, and I want to thank the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH] for the work they have done on this balanced budget amendment.

Mr. Chairman, I rise in strong support of the balanced budget amendment and I want to commend congressman STENHOLM and congressman BOB SMITH for the work they have done to bring it before us.

Amending the Constitution is not an easy thing to do. It requires a two-thirds vote in both Houses and ratification by 38 States. It should only be done on issues of critical national importance. I think putting an end to deficit spending and forcing the Federal Government to live within its means is such an issue.

We spend $816 million each day on interest payments. In 1993 the Government paid $293 billion just to pay the interest on its debt. That is more than we spend today on defense and it is more than the entire Federal budget in 1974. This is a serious problem that will only grow worse if we don't act now to turn it around.

This balanced budget amendment represents the strongest and most binding incentive to force congress to address the issue. If we start now, congress will still have the flexibility to set budget priorities to protect social security and other vital programs.

But if we delay and allow the debt to continue to grow, no program will be safe from drastic cuts in the future. And as growing interest payments take more and more of the Federal budget, we will also be threatened by higher inflation and worsening conditions throughout the Nation's economy.

Mr. Chairman, we cannot afford to delay any longer, passing this balanced budget amendment is the right step to take today to start the process of restoring fiscal responsibility.

I urge my colleagues to vote yes on this resolution.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. SMITH of Oregon. Mr. Chairman, I yield 1 minute to the gentleman from Oregon [Mr. DEFAZIO].

The CHAIRMAN (Mr. SKAGGS). The gentleman from Oregon [Mr. DEFAZIO] is recognized for 3 minutes.

Mr. DEFAZIO. Mr. Chairman, I thank the gentlemen for yielding time to me.

Mr. Chairman, even if I believed the extraordinarily dire predictions of doom and gloom that I have heard from some of my colleagues who oppose the balanced budget amendment, I would still be in favor of it, because the choice before us is quite simple. We either balance the budget or we declare bankruptcy.

The current debt is $4.3 trillion. That is $17,495 per person. The youngest baby born this minute owes $17,495. The oldest retiree, over 100 years old, owes $17,495, a crushing burden of debt. We are adding to it daily. We are going to leave it as an inheritance for our next generation and the generations to come.

Mr. Chairman, $816 million a day in gross interest payments, they do not go to make any of the needed investments in education, infrastructure, or health care. They go to pay debt. Those payments are growing every single day. When I first came to Congress, I said I was opposed to the balanced budget amendment because it was a gimmick. Certainly, I said, our leaders in Congress and Washington realize the imperative of restraining our spending.

In my third budget cycle a number of years ago I came to the bitter reality that the temptation to borrow and spend is much more attractive than fiscal responsibility. Since I have been here, we bailed out the savings and loans to the tune then of $150 billion, off budget. It did not count. We still have to borrow the money. We still have to pay it back with interest, but it does not count. The California earthquake relief, just a month ago, we are going to borrow the money, over $11 billion. We are going to have to pay it

back, but it was a dire emergency supplemental. It does not count.

Mr. Chairman, we added into the dire emergency supplemental $1.2 billion for the endless appetite at the Pentagon, and last week in the budget we increased the authorization for the Pentagon by $2.4 billion. We will never restrain the endless appetite for money at the Pentagon until we have a balanced budget amendment. Vote for this amendment, and set some hard guidelines.

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, the gentleman raised the point that I want to enunciate again, and that is simply by this Congress declaring an emergency, somehow we do not count it. We do not count the sham and the disguise of the trust funds, including the Social Security surplus. Is that what I heard the gentleman say?

Mr. DEFAZIO. That is correct. We spend the money, we borrow the money from the trust funds and elsewhere. Someone is going to have to repay it some time, but we just pretend that it does not count.

Mr. SMITH of Oregon. If the gentleman will continue to yield, should this amendment pass, all those funds would have to be identified exactly, would they not?

Mr. DEFAZIO. I believe Social Security would be more secure under this amendment. I worry about the day when Social Security will owe the entire debt of this Nation, which is coming in the near future, after the next century, and the temptation of a future Congress to say, "Why should we pay ourselves $350 billion or $400 billion interest out of the Social Security trust fund? Let us wipe it out and start all over with some new tax to support Social Security." Of course we will have to cut the benefits.

Mr. SMITH of Oregon. I thank the gentleman.

Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BAKER].

Mr. BAKER of California. Opponents of the balanced budget, including the old Democrat, President Clinton, claim it is a gimmick, that Congress already has the power to balance the budget. However, Congress has demonstrated it is incapable of balancing a Federal budget. Bill Buckley, former editor of National Review, said what we need in Congress is "Spenders Anonymous."

Look at this chart, and parents at home, you may not want your children to see this. The budget was last balanced in 1969. Since then, we have had six Presidents, 25 years, and every year since then we have spent more money than we have brought in. Every year we have enlarged the Federal debt burden on our children and grandchildren.

Mr. Chairman, debt levels have skyrocketed, thanks to our spendthrift Congress. David Gergen, editor-at-large at U.S. News and World Report, in 1992 wrote a letter saying, "We can no longer flinch from reality. We can no longer afford the illusion that we can borrow our way to prosperity," in an article for U.S. News and World Report entitled "Balance the Budget by Force."

□ 1500

Walk down the hall and tell that to the President, Mr. Gergen.

In 1993 Congress increased the national debt limit without my vote $225 billion, from $4.1 to $4.3 trillion. That means $17,000 for every man, woman, and child in this Nation.

Interest on the debt equals 57 percent of all of your income tax paid this year. The second largest item in the Federal budget is interest on the national debt, not the debt itself, for government we have already consumed.

The balanced budget spending limitation amendment offered by the gentleman from Arizona [Mr. KYL] attacks the root of the deficit problem: congressional spending. First it requires a balanced budget unless three-fifths of both Houses vote to increase the debt limit.

Second, it establishes Federal spending limits of 19 percent of GNP. I support the Kyl amendment.

I support the Barton amendment and I support the Stenholm amendment. You balance the budget; I will vote for it.

Mr. WISE. Mr. Chairman, I yield 3 minutes to the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Chairman, I rise today in strong opposition to the balanced budget amendment.

Mr. Chairman, I too am concerned about the Federal budget deficit. We must make every effort to realign our national priorities and focus limited Federal dollars on our most pressing national needs.

The problem with the balanced budget amendment is that it makes no provision for social programs benefiting our most vulnerable population, as in previous budget reduction measures. Under this proposal it would likely be the sick, the poor, and our children who will sacrifice.

If this amendment is adopted, today's health care crisis will become tomorrow's public health disaster. Revenues earmarked for financing health care reform—Medicare and Medicaid cost reductions— would instead be directed towards deficit reduction. With this constitutional amendment, we will have no dollars for universal health coverage, too few funds for HIV research and treatment, inadequate support for community health centers, and scant attention to breast cancer research and other urgent health needs.

This amendment would also force us to turn our backs on our most precious resource—our children. Today, almost 15 million of our kids live in poverty. Many have no chance for a meaningful, quality education. More than 50 percent of eligible children are never reached by Head Start. Federal dollars for educating our children, which have dropped to a mere 2 percent of the budget, would drop further if the balanced budget is adopted.

The constitutional amendment would also mean cut-backs for critical antipoverty measures, such as low-income housing assistance and urban revitalization. During the dark Reagan years the poor in our cities were relegated to the shadows. The Department of Housing and Urban Development, the primary vehicle for urban aid, saw its budget slashed by more than any other Federal agency. With a new administration and the strong leadership of Secretary Cisneros, our urban poor are again getting the attention and support they desperately need. Passage of this amendment would mean severe cutbacks for housing assistance and the community development funds critical to the revitalization of our city neighborhoods.

Mr. Chairman, we do need to make tough budget choices. We need to turn billions for weapons into medicine for the sick, computers for school children, and housing for the homeless. We must not balance our budget with further tears in the safety net. Vote "no" on the balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. HERGER].

Mr. HERGER. Mr. Chairman, I rise in strong support of the balanced budget amendment, and in opposition to the Wise substitute.

Everyone is talking about the need to make tough choices, but its clear to the American people that that is not happening. The system is broken, and the only people who will not admit it are Members of Congress. The balanced budget amendment is critical to fixing what is wrong with the system.

Those who think Congress will make tough choices to control spending without the amendment must have forgotten how this very Congress refused only a few weeks ago to terminate a $10 million program for native Hawaiians that even President Clinton said was unneeded and duplicative.

Last week, we adopted a budget resolution that increased the national debt from $4.6 trillion this year to $6.3 trillion in 1999, or nearly a 50 percent increase. This is even more debt piled onto the backs of future generations to finance current consumption. We are literally mortgaging the futures of not only our children, but also of our grandchildren.

Moreover, the $203 billion in net interest we're paying on the debt this

year alone produces absoletly nothing of value for the American public. It does not put one more policeman on our streets, or repair one road or bridge.

Let us end this irresponsible practice by adopting the balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. FRANKS].

Mr. FRANKS of New Jersey. Mr. Chairman, today I rise in strong support of the Stenholm balanced budget constitutional amendment. I also intend to support the Kyl and Barton amendments. These are all serious proposals that would help Congress do what it refuses to do now—spend the taxpayers' money with intelligence and restraint. The Stenholm amendment would require a three-fifths vote to increase the official limit on our national debt. With such a tool in hand, I believe we in Congress could find the collective will to truly challenge the special interests and the entrenched House leadership with their business as usual mentality.

In response to the demand for real change, the Democratic leadership has produced a phony balanced budget amendment, one which exempts major elements of the budget and imposes no new requirements for approving a deficit or raising the debt. This empty alternative gives nothing to the American people; rather, it merely seeks to provide political cover to those who vote for it.

In my home State of New Jersey, where we have a requirement to enact a balanced budget each year, support for a Federal balanced budget amendment is overwhelming. The people I represent know it will take sacrifices if we are going to put the Nation on the road to fiscal responsibility. But it must be understood that the people are way ahead of their elected representatives in their willingness to try new ways to tame the deficit monster.

Mr. Chairman, sooner or later Congress will have to put its spending programs in priority order. With the $4 trillion national debt projected to grow by at least 50 percent over the next 5 years, it would be better for all of us to begin now. I urge my colleagues to support the Stenholm balanced budget amendment.

Mr. WISE. Mr. Chairman, I yield myself such time as I may consume. Since the gentleman described my amendment as phony, I want to respond, and I am sorry the gentleman would not yield, particularly when I was offering to put my time on the line. But since he would not yield, then I will go ahead and give the unexpurgated and uninterrupted version.

First of all, there is nothing phony about this. Members have to make a decision as to whether or not they think Social Security should be on budget or off budget. The gentleman has not been here in previous years, but many of our predecessors, both from your State and other States who have been here more than 2 years, have sworn, raised their hands and sworn an oath in town meetings that they thought Social Security was sacrosanct and should be off budget. So to the gentleman who just spoke, I would say that I think that there is an honest difference of opinion, but please, I would hope that no Member, Mr. Chairman, would characterize an amendment as phony. We can have honest differences of opinion, and that is valid, but not characterizations which so far have not come into this debate, and I hope they will not.

But I do want to address some subjects the gentleman brought up. One is capital budgeting. The gentleman is from New Jersey, and New Jersey being a State of the Union, and having determined that almost every State, at least 49 States of the Union have a form of capital budgeting, now I know the form in West Virginia, and I suspect it is similar in New Jersey in which you may borrow money for roads and bridges and infrastructure, and you have a fund, and you probably sell bonds. I am assuming that is what it is. I think it should be pointed out that what the Wise-Price-Pomeroy-Furse amendment seeks to do is to replicate that experience of the States. You say you want to have a balanced budget like every State does. We give you that opportunity.

□ 1510

Furthermore, I find it interesting, and I have heard others come from legislative backgrounds, is there some kind of blinders that happens when you get within the Beltway that you forget your State legislative experience? The 2 years that I had the privilege of serving in the West Virginia legislature I learned about the need for capital investment. I learned about the need for a balanced budget. But we did it within the context of being able to make the investments that were necessary for our State to build the infrastructure to promote our economic growth.

In the amendment, the Wise-Price-Pomeroy-Furse amendment, what we do is do exactly what many of the States do, and that is to take that stream of investment and to take that which is debt service, that which you either through depreciation or that which you pay for debt service, and to make that part of the operating income.

There is no free ride with capital investment. Make no mistake about it. But what you do is to account for it in the same way that a business does and that a State does and every municipality.

I would hope we can avoid those kinds of characterizations. Honest differences of opinion, yes, but phony, absolutely not, and we feel that if you are serious about wanting to be similar to what the States do and to have the same strictures that a State does then our amendment actually gets you closer, because I am not aware of any amendment, and I would be delighted to get into a discussion with the gentleman from Texas [Mr. STENHOLM] possibly at some point on this.

I am not aware of any State that has a structure similar to either the Stenholm amendment, the Kyl amendment, or the Barton amendment.

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

Mr. SMITH of Oregon. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I come from a small State, the State of Oregon. We have a capital budget. We also have a little problem, a $6 billion budget this year, and we are going to have to take $1 billion out of the budget, $1 billion.

We are in the face of crippling higher education, education in our State, beyond suspending the whole issue of a capital budget.

I only am suggesting that this is a way to spend more money which is not allowed.

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

I will point out to the gentleman that he has more time if he is going to be exercising the other time.

My question simply would be this way: Does Oregon have some form of capital budgeting? And I believe that it does.

Mr. SMITH of Oregon. Mr. Chairman, will the gentleman yield?

Mr. WISE. I am happy to yield to the gentleman from Oregon.

Mr. SMITH of Oregon. Mr. Chairman, that is exactly my point. We do have a capital budget. It is the whole budget that is in jeopardy in our State. Higher education is in difficulty, many times because of our capital expenditures, which are stopped at the moment. They are gone.

So do not tell me that a capital budget is the epitome of success budgeting. It does not work that way.

Mr. WISE. Does Oregon also have a balanced-budget provision?

Mr. SMITH of Oregon. Absolutely.

Mr. WISE. And so somehow even with those structures in there something has slipped, which tells me a balanced-budget amendment in and of itself is no panacea.

Mr. SMITH of Oregon. I will be delighted to answer the gentleman's question.

Exactly, we have a balanced-budget amendment to the constitution, and we do spend for capital outside of it including bonding. The payment on the interest of the bonds has us in so much trouble we are going to have to strip $1 billion out of the budget of $6 billion.

Now, had we had a balanced-budget amendment that included capital ex-

penditures, we would not be in this shape.

Mr. WISE. I appreciate the gentleman's remarks. I would say obviously you have to keep capital budgeting under control if you seek to control operating expenses. At the same time, though, I think we enter into an illusory world to think that a dollar of investment that can produce a greater return should be treated the same as a dollar of everyday consumption.

Now, I cannot speak to the experience in Oregon. But I can speak to the experience in West Virginia, and the experience I have had in my State legislative experience, which is that you have to be able to promote those policies that provide growth; the reality of the situation, Mr. Chairman, is that after all the charts, the red lines, and seas of red ink and all of that are done, the reality of the situation is you can pass umpteen balanced-budget amendments tomorrow. The fact is that until you take some hard steps, you will not begin to balance the budget.

You cannot tax your way out of this situation. You cannot cut your way out of this situation. You are going to have to do a mixture of both, but you are also going to have to have a strong element of growth, and growth will not be facilitated by saying that you will not recognize investment for long-term economic return. You will not recognize that and make provisions for it, encourage it, but instead you will stifle it even further than it already is in the Federal budgeting process.

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

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from Rhode Island [Mr. MACHTLEY].

Mr. MACHTLEY. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the balanced-budget amendment.

It is a resolution that I have supported since I came to Congress. I have supported it because I believe it is the only way that we will get the debt away from our children.

American families in my home State of Rhode Island and across this Nation every year must make tough choices. They must live within their own budgets. Federal, State, and local taxes, high mortgage payments, car payments, tuition payments, medical bills, all of these are factors in everyone's life, but they must live within their budgets. The Federal Government must start doing that as well.

Even though we have tried, we have seen over the last 15 years our expenses going up and our revenues going down. In fact, during the last 12 months, spending has been up 4 percent, and revenues have only been up 0.2 percent.

Just 20 years ago, no Federal debt annually approximated $25 billion. Now we casually treat an annual debt of $300 billion as if that is acceptable.

It seems that if American families are going to have to have two people working just to make ends meet, we in the Federal Government have an obligation to our children to make sure we are not spending their heritage.

But here in Washington things work differently. For far too many years our Federal Government has assumed that somehow we can reap some huge source of money in the future to pay for our expenses today. Because we put people on the Moon and discovered cures for enormous and difficult diseases, we have assumed we could have it all.

Unfortunately, we cannot. We must live within our means.

Since the 1960's we piled up a deficit amounting to more than $4 trillion. Unlike American families who would have to face foreclosures, garnishments of wages, and other legal proceedings, the Federal Government merely passes it effortlessly to our future generations. That is the cruelest.

We have Gramm-Rudman, Gramm-Rudman 1 and 2, we have had amendments, we have had the 1990 Bush budget agreement, we have had the 1993 Clinton budget agreement, but nothing seems to work.

This is like when the patient goes to a physician and has a terrible case of cancer. When all else has failed and the physician says there must be a dramatic surgery, the patient has to make that choice.

The balanced-budget amendment may not be perfect, but clearly after 20 years of attempting to maintain a budget for future generations, something is needed.

Alexis de Tocqueville said in his writings and in his "Democracy in America,"

> The American republic will endure until the politicians find that they can bribe the people of the country with their own money.

We are getting very dangerously close to bribing the people of this country through entitlements and other spending programs with their own money. We must in fact balance the budget, and I think this is the appropriate method to do so.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I was not going to take part in this debate today, but as I was in my office and heard one of the speakers, I felt compelled to come here, because I have heard people say over and over again in the 10 years I have been in this House, particularly when they are back in their districts:

> You are sending me to Washington, and I am going there for one main purpose. I am going to balance the budget. I am going to help the people in the Congress. We are going to change things. We are going to do it differently, and we are going to balance the budget.

I have heard that enough times to say that if I had $5 for every time I have heard people say that, I could give that to the Government and balance the budget. That is fact.

People talk about it all the time. But the fact of the matter is we all come here with good intentions, and most of us do, but when we get here, the process proceeds as normal.

I suggest, therefore, in order to get this job done, we need to change the rules. We need to change the rules so we have to balance the budget like many of the States do and like families and like people all over our country in businesses do as well.

This chart is wonderful, and it demonstrates wonderfully exactly what we do around here. All of these red lines all the way back to when we had a balanced budget in 1969, and the year before that was 1960, and it is kind of incredible. We sit here and argue about whether or not we are going to balance the budget when, in fact, we have no choice. Someday the budget has to be balanced.

I would remind everybody that one of the previous speakers said all we need to do is have the intestinal fortitude to carry out this mission so important to our country and our children, that is, balancing the budget.

□ 1520

That is balancing the budget.

Then the other Member from the other side of the aisle pointed out that in 1990 we took a step toward balancing the budget and all the progress that has been made because of what we do in the Budget Reconciliation Act of 1993. Let me remind you of something: In 1990 the President's people, President Bush's people, and the leadership in the House and the Senate went out to Andrews Air Force Base and they met out there in a closed room, and they came back here and said:

> Well, we got a deal. We got a deal. We're going to increase taxes because we have to do something about this deficit.

Well, we projected then—CBO projected then—Congressional Budget Office projected then, it was not our projection, CBO projected that the budget deficit in 1995 would be $141 billion if we did not pass this tax increase. Well, the years went by and we got to 1993. The 1993 Budget Reconciliation Act, "We are going to raise taxes, we have got to do something about this deficit." So, in 1990 we raised taxes by $130 billion; in 1993 we raised taxes by $163 billion. Guess what CBO's projection for the budget deficit in 1995 is this year, not $141 billion, it is $170 billion.

So we have had two tax increases, and yet the spending continues to grow. And as I said in my opening statement, in order to get this under

control, we need to do exactly what CHARLIE STENHOLM says, we need to vote for the balanced budget amendment and change the rules around here so we can get to where we need to be.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Utah [Mr. ORTON].

Mr. ORTON. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of House Joint Resolution 103, the balanced budget amendment. I support the basic concept of balanced budgets. My record is clear on that both in votes here in the House and in the Budget Committee.

The debate here today and in the other house last week on this issue has focused on several particular objections that people have to provisions of the balanced budget amendment. There are three, I think, that have come up regularly: First, that the amendment would create a supermajority; second, the provisions of waiver, just what and how the Congress could in fact waive the provisions of this amendment; then, third, whether or not this amendment would really be enforceable.

Now, I have to tell you that I can agree with many Members who have spoken, that these are perils. I agree there are risks. I agree perhaps there are refinements needed. There have been many attempts to resolve some of these issues here on the floor today. Mr. WISE here, and in the Senate, Mr. REID, attempted to do that. I would like to commend the gentleman from West Virginia [Mr. WISE] for the valiant attempt he is making. I agree with the capital budget concept, and I have a bill to do that. His bill would not create a super majority and would expand those areas for which waiver would be approved.

In fact, I and several of my colleagues on a bipartisan basis have worked, and worked very closely with Mr. STENHOLM, trying to identify some solutions to these particular three objections. I would like to refer you to and I will submit into the RECORD a side-by-side comparison of the Stenholm amendment, which is 103, and also House Joint Resolution 103, which is an amendment very similar to this one which I have filed which in fact differs only in three areas with the Stenholm amendment; that of supermajority, waiver, and enforcement.

Let me just indicate that on supermajority, while the Stenholm provision would require three-fifths' majority to either overspend beyond the budget or to increase the debt limit, House Joint Resolution 133 would not create a supermajority. The Stenholm provision on waiver would only provide for waiver in time of war. House Joint Resolution 133 would allow for a waiver for any purpose that Congress chooses to waive with a majority vote, but would have to do so by statute, which would then subject that statute to veto by the President and would then require a two-thirds' supermajority to override the veto.

This would bring the legislative and the executive branch together in actually balancing the budget and would avoid the need for supermajorities.

Finally, on enforcement, while the Stenholm provision would require future legislation to enforce, our provision would simply say that it must be repaid in the ensuing fiscal year or be subject to sequestration.

The document referred to follows:

ORTON AMENDMENT—HOUSE JOINT RESOLUTION 133

SECTION 1. Total outlays of the United States for any fiscal year shall not exceed total receipts to the United States for that fiscal year.

SEC. 2. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year in which total outlays do not exceed total receipts.

SEC. 3. For any fiscal year in which actual outlays exceed actual receipts, the Congress shall provide by law for the repayment in the ensuing fiscal year of such excess outlays. If Congress fails to provide by law for repayment, within fifteen days after Congress adjourns to end a session, there shall be a sequestration of all outlays to eliminate a budget deficit.

SEC. 4. The provisions of this article may be waived for any fiscal year only if Congress so provides by law by a majority of the whole number of each House. Such waiver shall be subject to veto by the President.

SEC. 5. Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

SEC. 6. This article shall take effect beginning with fiscal year 2000 or with the second fiscal year beginning after its ratification, whichever is later.

STENHOLM AMENDMENT—HOUSE JOINT RESOLUTION 103

SECTION 1. Total outlays for any fiscal year shall not exceed total receipts, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

SEC. 2. The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by rollcall vote.

SEC. 3. (Same as Orton, Section 2.)

SEC. 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

SEC. 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House.

SEC. 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts.

SEC. 7. (Same as Orton, Section 5.)

SEC. 8. (Same as Orton, Section 6, except uses year 1999.)

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. COX].

Mr. COX. I thank the gentleman for yielding this time to me.

Why do we need a balanced budget amendment? I will suggest three reasons. First is rather straightforward: Spending is out of control.

The second is that taxes are out of control, driven by the insatiable appetite for more and more Federal spending.

The higher taxes are, themselves, the reason for economic stagnation, the lack of new job creation and less individual freedom.

The third is that it is the right thing to do and that laying off our obligation to pay for the spending that we occasion this year is the wrong thing to do.

Since 1969, Federal spending has increased on an annual basis more than 800 percent. Now, in 1969, it was a guns-and-butter year, and yet the entire Federal spending from 1969 through 1973, 5 years, is less than Bill Clinton's 1994 budget for 1 year.

Sixty percent of next year's deficit will consist of the new spending that Congress has added to 1993 levels. Spending is running out of control.

And yet the Clinton budget proposes additional spending of $1.475 trillion on top of the current levels for the years 1994 through 1998. Spending is out of control, and record tax increases are occasioned by this insatiable appetite for more and more spending.

We need not only a balanced budget amendment but we need a tax limitation amendment such as my colleague, the gentleman from Texas [Mr. BARTON], has proposed, and because spending is the problem, we need a spending limitation such as my colleague, the gentleman from Arizona [Mr. KYL] has proposed.

I mention finally that passing amendments like these would be the right thing to do. I point out that President Clinton's chief spokesman, David Gergen, wrote an editorial saying precisely this on June 1, 1992, in U.S. News & World Report. The headline, "Balancing the Budget by Force." Here is what David Gergen said in 1992, just 1 year before he went to work for Bill Clinton, who is now fighting a balanced budget amendment.

Mr. Gergen said:

> The time has come to recognize that the right thing to do is something we have long resisted, amend the Constitution so that Congress and the President are required to balance the budget.

Now it is David Gergen's White House that is long resisting a balanced budget amendment.

We in this body must do the right thing. We must bring spending under control, we must bring taxes under control. Today is the day we can do just that.

Mr. SMITH of Oregon. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BARTON] who himself has a substitute which includes a tax limitation and which I support.

Mr. BARTON of Texas. I thank the distinguished gentleman for yielding this time to me.

Mr. Chairman and Members of the House of Representatives, this is an historic debate. We should congratulate the balanced budget leaders, Mr. STENHOLM, Mr. SMITH, and others, Mr. TAUZIN, who helped on my amendment and Mr. KYL, for their efforts to bring this before the American people.

There are a number of balanced budget amendments that will be voted on this evening and tomorrow. They all have merit. I think that the case has probably been made about the need for some sort of balanced budget amendment, but I will add to the case very quickly.

As has been pointed out in the chart presented earlier, we have not had a balanced budget in this country at the Federal level since 1969, 25 years ago.

I would stipulate that if we do not pass an amendment to the Constitution requiring a balanced budget, we will never ever again in the history of this Nation have a balanced Federal budget. And if we never again balance the Federal budget, we are going to be in serious, serious financial difficulty in the very near future.

□ 1530

The national debt is now $4.6 trillion. The good news is that it is not going up as rapidly as it has been. A year ago, Mr. Chairman, it was going up approximately a billion dollars a day. It is now going up at only half a billion dollars a day.

Having said that, the Clinton administration has dropped any pretense that their policies would get us to a balanced budget. The budget they submitted to this Congress in the 5-year budget plan shows the budget deficit at $176 billion this year and then going up each year thereafter.

The primary reason that the budget deficit has gone down is because interest rates have gone down, and, as interest rates have gone down, the Federal Treasury has refinanced the long-term public debt at short-term rates. At the end of this year the average outstanding maturity on Federal debt is going to be less than 3 years. As long as short-term interest rates stay low, Mr. Chairman, that is fine. But if short-term rates go back up and long-term rates stay as high as they are now or go higher also every increase of one point adds $46 billion in interest on the Federal debt that has to be paid in a given fiscal year. $46 billion would pay for two food stamp programs, or 1 year's spending on the entire Federal housing program.

Mr. Chairman, we simply cannot condone that kind of increase in spending just on interest on the national debt if interest rates go back up. We simply must amend the Constitution to require a balanced budget.

The question is today not whether we should balance the budget, but how should we balance the budget, Mr. Chairman. Myself and many others, the gentleman from Louisiana [Mr. TAUZIN] and 200 Members of the House, last year voted that we should do it by doing everything that the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH] do, but in addition require a super majority vote to raise taxes, that is, a 60-percent vote to raise taxes. If our amendment had been part of the Constitution this year, we would not have passed the budget reconciliation bill that was passed by a two-vote margin in the House of Representatives. We would have passed the budget reconciliation bill; it just would not have had the tax increases in it. We would have forced the Congress to cut spending, not to allow taxes to increase.

Mr. Chairman, many, many States are adopting tax limitation amendments to their constitution. In those States that have a tax limitation requirement, a super majority tax limitation requirement, the average increase in taxes has been 2 percent less than in those States that do not. So, it is not impossible to raise taxes, but in States that have the super majority requirement for tax increases, Mr. Chairman, their tax rates have gone up an average of 2 percent less than those States that do not.

I say to my colleagues,

When you look at the tax burden per taxpayer in those States that have a super majority requirement for tax limitation, the tax burden has actually gone down when adjusted for inflation by 2 percent in the period from 1980 to 1989. In those States that do not have the super majority requirement for tax limitation, the tax burden has gone up by 2 percent. So that is a 4 percent difference.

Now, Mr. Chairman, my colleagues may say, "What's 4 percent?" Well, 4 percent at the Federal level is an average of $20 billion a year in lower taxes, I repeat, $20 billion a year, $20 billion would pay for an entire year's spending on our agriculture programs.

Our problem in Washington is not insufficient taxes. In the time period between 1980 and 1989, Mr. Chairman, the average revenue to the Federal Government went up $55 billion a year. We doubled Federal spending between 1980 and 1990. The problem was, Mr. Chairmen, as revenues went up, spending went up even faster, and we have a number of charts that we are going to show in the debate tomorrow on my amendment that make that point very graphically.

The bottom line is:

We need to balance the Federal budget. There is no serious debate about that. At least there has not been so far this afternoon in the House of Representatives.

The question is how to amend the Constitution. We should build on the approach the gentleman from Texas [Mr. STENHOLM] and the gentleman from Oregon [Mr. SMITH] are offering by going the additional step and requiring the 60-percent supermajority vote to raise taxes.

Tax limitation works.

Mr. WISE. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio [Mr. FINGERHUT].

Mr. FINGERHUT. Mr. Chairman, I thank the gentleman from West Virginia [Mr. WISE] for yielding this time to me, and I would like to thank all of the sponsors of the various balanced budget amendment proposals here today for bringing this issue before the House and for enabling us to have this significant debate.

I intend to support a balanced budget amendment. Indeed I intend to support a number of different proposals in the hopes that at the end of the day we will have a balanced budget amendment pass this House of Representatives. I care about reducing the deficit. I have voted to do so repeatedly throughout the course of the legislative process over the last year and a half. The interest on the debt is killing us. It is stopping us from doing a whole variety of things that we need to do in this country, and we simply must get it under control.

But let me take just this moment to put in a word about Wise because I think that the proposal that the gentleman from West Virginia brings before us today deserves the serious consideration of this body.

When people ask me why I support a balanced budget, Mr. Chairman, I tell them that more than any another reason it is because I care about children. I do not want to run up bills today and have my children have to pay for them. But I also do not want to leave them a country that is impoverished of the basic infrastructure to enable them to build the kinds of economy, and jobs, and growth that they need. If we leave them crumbling roads and crumbling bridges because we squeeze out all of our infrastructure and investing to consume more and more of today's dollars on today's expenses, then we will have done our children an equal disservice. If we do not set aside the funds to build the schools and the recreational facilities that are necessary in this country, if we do not protect our environment, then it will mean little if we have left them with a balanced budget but require them to start from scratch to build the basic infrastructure necessary in this country.

The second word about Wise that I would like to add is this. As I have traveled throughout my district and talked to my constituents invariably the conversation about the balanced budget goes something like this:

"Why can't you balance the budget like we do in our home? Or, "why can't

you balance the budget like we do in our business?" Or a city leader will say to me, "Why can't you balance the budget like we do in our city?" Or a State will say, "Why can't you balance the budget like we do in our State?"

My answer to them is that we have a chance to do that today, to balance the budget like we do in our homes, and our cities, and our businesses, and our States, and that is to balance our operating budget but set aside the necessary funds to invest in the future by separating capital expenses from operating expenses and insisting that we balance our operating budget, insisting so much that we put in the Constitution insistence that we set aside something for the future in our capital budgets.

I simply want to say, as I said at the beginning, that I thank all of the sponsors of these constitutional amendments. This is an important debate. I am going to support a number of the amendments that come before us today. But I particularly wanted to rise and let this body think through very carefully what the gentleman from West Virginia [Mr. WISE] has put before us. The concepts behind it are important. They are important to this debate about the Federal budget, and I urge support in addition to a general balanced budget amendment, the Wise amendment, today.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. LAZIO].

Mr. LAZIO. Mr. Chairman, I rise today in support of House Joint Resolution 103, the balanced budget constitutional amendment. My constituents back on Long Island agree with me that such a measure is necessary. In response to a questionnaire I sent to every household in my congressional district, 85 percent of the respondents said they support a constitutional amendment to balance the budget.

Some of my colleagues in this House argue that an amendment is not needed because we are on the right path, citing the declining deficit at least over the next 2 years. This misses the point. Even assuming that all the projected revenues appear and spending cuts occur as projected, the gross Federal debt increases by 35 percent to over $6 trillion in 1999. From 1995 to 1999, Federal outlays will increase by almost $340 billion, and the deficit is expected to begin rising in 1997 unless we take further action. The Congressional Budget Office projects that net interest on the debt alone will be over $200 billion for 1994. This is almost 80 percent of what we will spend on all domestic discretionary programs.

The path we are on imposes nothing less than a huge mortgage on our children. Thomas Jefferson said it well 200 years ago when he said, we must "consider ourselves unauthorized to saddle posterity with our debts and be bound to pay for them ourselves." Our inability to make the hard decisions necessarily lowers their standard of living.

Despite overwhelming demand from the American people, time and again, Congress has shown it does not have the internal discipline to balance the budget. Given Congress' dismal record, it is time for stronger medicine. Deficits have become ingrained and their perpetuation has become a structural pattern of behavior for Congress. Having tried everything else, I am convinced that a constitutional amendment is the only way to break this cycle of spending beyond our means.

In the 102d Congress, the House failed to pass a balanced budget amendment by just nine votes. This year, the Senate has acted first and with a disappointing result—four votes short. Some have argued that this result renders the House vote moot or even symbolic. I disagree. It is not moot, and as for reducing the House vote to symbolism, I would argue that House passage of this amendment will clearly show, for the record, our intent.

We must learn to live within our means, and not saddle our children and future generations with our debts.

To my very small daughters, Molly and Kelsey, 2 years old and 6 months old, this vote is cast for you and your future.

□ 1540

Mr. STENHOLM. Mr. Chairman, I yield 2½ minutes to the gentleman from Georgia [Mr. DEAL], an outstanding member of the freshman fiscal caucus.

Mr. DEAL. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in support of a constitutional amendment to balance the budget.

The United States of America is the demonstration project of modern civilization whose purpose is to prove that free people can govern themselves without the supervision of monarchs or dictators. Our pilot project has entered its third century, but is still an infant on the amortization table of history. Our success is not assured simply because we profess noble purposes and lofty ideals. Others have shared these dreams, yet they have failed.

The energy force of all governments is power—the power to take and the power to give. Democracies take in the form of taxes and give in the form of spending. Although taxes and spending are the opposite sides of the same coin, one would assume that the law of averages would dictate they would equally appear when the coin is tossed. For the last 25 years, however, the coin has always landed on the spend side, because Congress has the ability to load the coin and to spend more than it receives. In fact, we have done this for so long that some would elevate it to a religious requirement with the perverted admonition, "It is more blessed to give than to receive."

I believe this debate about a balanced budget amendment is really a debate about preserving our Republic. The greatest inherent danger in allowing free people to govern themselves is that the euphoria of liberty will produce an addition that denies the necessity of self discipline. Could we achieve the same result without this amendment by just saying no? Of course! But telling an addict to just say no will not work—and Congress is addicted to deficit spending. We have sold our own possessions and mortgaged our children's inheritance to support the habit. We have lost the ability to say no.

Anarchy is the twin brother of irresponsible democracy. The mystery of the American drama on the stage of history is—when will the twins swap places?

Mr. Chairman, I urge the adoption of this constitutional amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Chairman, I thank my friend, the gentleman from Oregon, for yielding time to me. Let me say that I am going to miss the gentleman when he leaves this body, because he is a voice of reason, and we appreciate that.

Mr. Chairman, we have a historic opportunity before us today. We can start to make a lot of things right again by casting a vote for the balanced budget amendment. No family or household in America can spend more than it has, yet we allow the Federal Government to run huge budget deficits every year instead of forcing them to make tough decisions about Government spending. No father or mother can simply decide to ignore the bottom line and spend their hard-earned money recklessly or foolishly. Like almost everybody, American families and businesses are held accountable for the spending decisions they make. If they don't have the money, they don't spend the money. It is as simple as that.

Mr. Chairman, it is time we return to that notion of spending accountability. It is time for Congress to act like responsible Americans do all across this country and end the pattern of spending and borrowing this institution has tolerated for too long.

It is shameful that it has come to this—that the U.S. Congress has to pass binding legislation in order to balance its budget—but the balanced budget amendment we have before us today is the instrument we need. We need it to put Congress' feet to the fire. In the past, we have passed a multitude of budget laws—Gramm-Rudman-Hollings being the best example—that Congress was able to routinely waive or ignore. Today, we have an opportunity to cast a vote for legislation

that, if passed, Congress would be unable to ignore. The balanced budget amendment will ensure that Congress must do what it has not done since man first landed on the moon 25 years ago: pass a balanced budget.

Mr. Chairman, we cannot afford to wait 1 minute longer. It took America over 200 years to accumulate our first trillion dollar national debt—that is one thousand billion—in national debt. The budgets for the last three fiscal years alone increased the national debt another trillion dollars. Interest payments on the debt are now the largest item in the budget; in fact, 57 cents of every dollar in personal income taxes is spent on servicing the national debt. In fiscal year 1993, the Federal Government spent more to service the debt—the product of decades of budget deficits—than what the U.S. Government collected in total revenues in 1976.

And our national debt is getting bigger by the hour. This time tomorrow, it will be nearly one-half billion dollars more than it is right now. Government spending is completely out of control. The Federal Government hasn't ended a fiscal year in surplus in almost a quarter-century and this profligate spending is expanding Government to gargantuan dimensions. For the first time in our Nation's history, there are more Americans working for Government than in manufacturing. Government employs more people in my neighbor state, Michigan, than the entire automobile industry.

Mr. Chairman, Government spending is a runaway train careening out of control. The full throttle of multibillion dollar budget deficits has powered an unprecedented growth in Federal spending, and entire generations of Americans stand to suffer as a result.

We must balance the budget now and attack the problem of the national debt before we further mortgage our children's quality of life. Congress can simply no longer live beyond its means, and the balanced budget amendment will force this institution to be responsible and accountable in their spending.

Do not let anybody tell you that it cannot be done either. If every American family can manage to balance their budget, then the Congress of the United States can do so as well. In fact, some of us already have. This past month, I joined Congressmen SOLOMON, FAWELL, and UPTON and others in drafting a budget that would eliminate the deficit within 5 years. These three, along with the entire balanced budget task force, deserve a great deal of credit for the leadership they have shown in cutting the deficit. Our budget, with almost 500 specific spending cuts slashing over $600 billion in Federal spending, managed to balance the budget without reducing Social Security, cutting earned veterans' benefits, gutting defense, or raising taxes.

These exceptions are important: The budget cannot and should not be balanced on the backs of seniors and Social Security recipients. Our budget cut the deficit without raiding the Social Security trust fund. We were successful: Our budget represented the largest and most specific deficit-cutting proposal ever considered by the House of Representatives, and the only one that ever actually resulted in a balanced budget.

The Solomon-Fawell-Upton budget is proof that balanced budgets are possible, and that all that is lacking is the political will and courage to restrain spending. The balanced budget amendment will give Congress that will because the American people demand it.

Just this month, a CNN/USA Today poll found that 66 percent of Americans support a constitutional amendment to balance the budget. This past December, a survey by the U.S. Chamber of Commerce showed that over 91 percent of businesses believed in the necessity of a balanced budget amendment. My constituents in Wisconsin want a balanced budget too; I have an annual questionnaire where people indicate to me their most pressing concerns. This year, as in years past, the single greatest worry to the people of my district is wasteful Government spending.

America needs the balanced budget amendment and Americans want Congress to pass it. Let us heed the wishes of the American people, and let us address the concerns of generations of future Americans. Today represents a historic opportunity to end a quarter-century of budget deficits, fire the first shot in the war against the national debt, and take the bold step of forcing Congress to act as fiscally responsible as every household in America. All with one vote. Cast that vote wisely—vote in favor of the balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I have heard it argued over and over again that it isn't necessary to have a balanced budget amendment to our U.S. Constitution. Opponents of the amendment argue: "Trust Congress" to balance the budget and protect the basic right of future generations not to be saddled with debt for which they had no part in creating—but for which they will have total responsibility for paying.

The argument that we don't need constitutional safeguards was made over 200 years ago against the first amendment to the Constitution, guaranteeing free speech. They said "Trust Congress" to not pass laws infringing on freedom of speech. But, wisely, the people of the original 13 States, in ratifying the Constitution, did not trust Congress to protect this basic right. In the ratification process of the Constitution it was agreed that a bill of rights, including the first 10 amendments to the U.S. Constitution, would be added to the Constitution.

Why, in light of the dismal and profligate decades-long record of congressional overspending should anyone now trust Congress to balance the Federal budget without a constitutional obligation to do so?

Congress has not balanced a budget for 24 years in a row and has run deficits in 56 of the last 64 years. This year, $300 billion will be incurred in order to service that debt.

When I came to Congress in 1985, the national debt was $1.4 trillion. During my 9 years in Congress I heard cumulative promises of trillions of dollars of deficit reductions in the form of all kinds of 5-year deficit-reduction agreements—the last two of which, in 1990 and 1993, were front-loaded with $414 billion in new taxes over 5 years.

And what did we get? Literally trillions of dollars of new debt. The national debt is now $4.4 trillion and growing. Worse, by 1999 even the administration admits there will be new debt of $1.9 trillion, for a 1999 national debt of $6.3 trillion. Worse, the OMB and CBO agree the deficit for 1999 will be over $200 billion and that—combined with estimated trust fund borrowing of $145 billion—gives us over $350 billion of new debt in the year 1999, with nothing but $350-billion-plus of new debt per year in the next century for as far as the eye can see.

And look what happened last week when Congressman SOLOMON's CBO-scored balanced budget was presented to this body—with $698 billion in cuts, producing an $8 billion surplus in 1999, with no cuts in Social Security or veterans' benefits. Yet there were only 73 Members of the House with enough courage to vote for the cuts required under the Solomon balanced budget resolution for fiscal years 1995 through 1999—56 Republicans and 17 Democrats. Ironically, some in news media are using that vote to argue against the constitutional amendment. But, obviously, that vote is the best argument for a constitutional amendment—it proved that Congress is incapable of balancing the budget without a constitutional amendment requiring them to do so.

So here we are, drowning in decades of red ink with no plans in this century or the next century to balance the budget. This body is like Nero fiddling while Rome burned.

If Congress cannot, under these circumstances, vote for a real balanced budget amendment to the U.S. Constitution, or, more accurately, to simply start the constitutional amendatory process to begin for ultimate approval by a sufficient number of State legislatures, it is painfully obvious

that the leadership of Congress simply doesn't care about the basic rights of our Nation's children to be free from debilitating debt.

I urge my colleagues to support the Kyl, Barton, Stenholm balanced budget amendments.

□ 1550

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the lovely gentlewoman from Maryland [Mrs. BENTLEY].

Mrs. BENTLEY. Mr. Chairman, I thank the gentleman for yielding time to me and for leading us in this battle.

Mr. Chairman, the time has come to pass a balanced budget amendment.

Opponents say that the Constitution should not be trifled with, and that because we as a body have failed, we should not pass the buck to the Constitution.

We also hear that economic policy should not be incorporated in the Constitution.

Such statements overlook the obvious and forget our heritage.

The Constitution is a contract between the Government and the governed. Like any contract, it has economic provisions.

The Constitution gives Congress the right to regulate foreign and interstate commerce—that is an economic provision.

The Constitution prohibited the Congress for levying direct taxes on the people. I might remind this body that this country's economy grew quickest when Congress only levied tariffs and this country's growth slowed only when Congress started to collect income taxes.

The Constitution permitted slavery, which was an economic provision that had to be repealed by a civil war.

History shows that the Constitution is an economic document.

We are debating this amendment because Congress will not balance the books.

For all the talk of hard choices, the Democrat leadership consistently muzzles any serious consideration of balancing the budget.

Last week during the budget debate, the Rules Committee disallowed discussion of blanket freeze budget proposals.

Why? Because they were fair and might pass. All budget proposals with hundreds of cuts are doomed to fail, because each cut represents a special project for a Member. Only an evenhanded freeze can pass—which is why the leadership precludes any vote on such an approach.

This resolution itself reaches the floor only by way of a discharge petition.

Hard choices are not being made, which is why over 30 States have called for a constitutional convention. If we cannot do our job, the buck will be passed to that convention.

The only way we can continue to provide Social Security for current and future recipients is to pass a balanced budget amendment.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from New Hampshire [Mr. SWETT].

Mr. SWETT. Mr. Chairman, I rise today in support of my colleague, the gentleman from Texas [Mr. STENHOLM], and the balanced budget amendment. I salute his determination and skill in bringing about this amendment, in bringing it to the floor of the House of Representatives, and extend my personal thanks for his leadership in this critical and crucial issue. I am proud to be cosponsor of the gentleman's amendment.

Today's action I find to be a little bit confusing, because we are debating among several different substitutes for a balanced budget amendment, and there is a great deal of angst and concern among those speaking about the differences between the two of them, whether or not we should have a balanced budget amendment to the U.S. Constitution. And what we really ought to realize is that no matter what happens today, no matter what vote is cast, we will not have any impact on the U.S. Constitution. The Senate has already destroyed that opportunity with the vote that they cast several days ago. So it seems to me our real issue here is not to debate what kind of a balanced budget amendment we need to have on the U.S. Constitution, but whether in fact we support the concept of balancing this Nation's budget.

Now that, I think, is a very elemental issue and ought not to have a whole lot of partisan or ideological disagreement involved with it. But it seems to have engendered that, and I am just trying to clarify and simplify the debate.

Every substitute that is on the floor ought to be supported. This is a golden opportunity for Democrats to support the idea of balancing this Nation's budget.

We are not going to implement an amendment to the Constitution. We are going to send a strong message back to our constituents, one that I think we are hearing from them, that we ought to get our fiscal house in order, and next term, next year, when we have an opportunity, we should work seriously to craft an amendment to the U.S. Constitution or to craft legislation that has to do with appropriating moneys that will effectively control the budget of this country and brings us to a point of responsible fiscal policy, balancing the budget, eliminating the deficit.

Democrats have this opportunity to make this statement today. We do not need to stand and let the other side of the aisle control this debate. That is why I think my colleague from Texas [Mr. STENHOLM], has done the responsible thing. That is why I think we ought to support every substitute on the floor today. That is why I think they ought to all pass unanimously. Because then the real educational debate begins, how is this going to be crafted. We know we want it.

Mr. Chairman, I ask for all of my colleagues to support all of the substitutes on the floor.

Mr. SMITH of Oregon. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HOKE].

Mr. HOKE. Mr. Chairman, I thank the gentleman from Oregon, and rise today in strong support of House Joint Resolution 103, the Stenholm-Smith balanced budget amendment.

Mr. Chairman, as I stand here, I am reminded of the James Taylor song, "That's Why I Am Here" because in fact this is one of the fundamental reasons that I was sent to Congress, to balance the budget.

Mr. Chairman, nearly 220 years ago the colonial subjects of King George III were energized, inspired, and finally incited to revolution by the slogan "No taxation without representation." It was the central, unifying theme of the Declaration of Independence. Taxation without representation was the straw, if you will, that broke the people's back. It was the single most inflammatory, unacceptable, and abhorrent characteristic of England's colonial domination and dominion over the fledgling colonies. Taxation without representation was the fundamental cause of the American Revolution.

And here we stand, fully two centuries later, having indulged for the past 25 years in the subtlest—and yet all the more insidious—kind of taxation without representation ever perpetrated. That is—a tax which we in this Congress and Congresses past have levied on our children, and our children's children—and perhaps their children too—without any representation at all.

They have no vote; they have no choice; They cannot speak; and who will speak for them?

The special interests who oppose this amendment—the guerilla warriors of intergenerational feuding and class warfare.

Who will speak for these children? Will it be the politicians who cynically continue to vote staggering deficits, deficits which are in effect nothing more than public financing of their own re-election campaigns—and which give them the ability to provide largesse and benefits to their special interest beneficiaries on the backs of future generations—those generations not represented.

That is, after all, what this debate is really all about. It is no less compelling, it is no less inflamming, it is no less true today than it was 220 years ago.

We cannot accept and will not tolerate for our children and grandchildren

any form of taxation without representation.

□ 1600

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina [Mr. RAVENEL].

Mr. RAVENEL. Mr. Chairman, Members have all heard about the straw that broke the camel's back. They just kept piling one straw on top of another straw, on top of another straw. And then, all of a sudden, the camel's back was broken.

Well, what dollar is going to be the dollar that breaks the back of the Federal Government?

If we do not get a handle on our deficit situation, let me tell Members what is going to happen. It happened on October 19, 1987, a lot of Members remember it, when all of a sudden for no apparent reason, the Dow just dropped out of bed and went on down and down and down. And when the bell rang, it was down 500 and 8 points. The next day, it went down 300 points more. And at 11:22, IBM, which at that time was the greatest common stock in the world, quit trading. The reason it quit trading was because there were no bettors.

Let me tell Members what can happen, if we do not pass this balanced budget amendment, and it is coming, folks, I am telling Members, it is coming, one of these Monday mornings when the Treasury goes in there to refinance the debt and raise $200 million or $300 million more dollars to cover those checks that they sent out on Friday, something is going to happen in this country or somewhere in the world. And the bond market is going to fall out of bed. And all those government checks, retirees' checks, pension checks, contractors' checks, all the checks will start flipping all over the country like a bunch of rubber checks. And it is going to be, "Kitty, bar the door" for the financial collapse will have occurred.

So I say to all my colleagues, for the sake of our country, for crying out loud, please, this day vote for this balanced budget amendment.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. DUNCAN].

Mr. DUNCAN. Mr. Chairman, I rise in strong support of the Smith-Stenholm balanced budget amendment.

I also want to congratulate BOB SMITH, he has done yeoman's work on this issue over the years, and when he leaves this House in a few months, his constituents will miss him but this institution will miss him even more. This House needs more men like him.

Mr. Chairman, I have spoken out many times on this floor about out of control Federal spending. I have brought to this house the message that my constituents in east Tennessee keep giving me, and that is: stop putting all of this spending on our children and grandchildren and get Federal spending under control.

Yet, year after year, our deficits keep growing and our enormous debt continues to mount.

We hear speakers opposed to a balanced budget claiming that Social Security and Medicare will be cut if a balanced budget amendment is approved. This is totally ridiculous.

In fact, we can reduce our enormous debt without touching either of these programs.

I would like to share with my colleagues a letter to Senator PAUL SIMON from Robert J. Myers, a former 37-year employee with the Social Security Administration who served as Chief Actuary from 1947 to 1970, and as Deputy Commissioner from 1981 to 1982.

Mr. Myers states:

> In my opinion, the most serious threat to Social Security is the Federal Government's fiscal irresponsibility. . . .
>
> Regaining control of our fiscal affairs is the most important step that we can take to protect the soundness of the Social Security trust funds. I urge the Congress to make that goal a reality and to pass the balanced-budget amendment without delay.

I agree with Mr. Myers. Furthermore, most national polls show that 75 to 80 percent of the American people want us to balance the budget.

Almost every leading economist tells us our staggering national debt is holding us back economically and that we would be booming if we were not so far in the hole.

We are really hurting the poor and working people of this country with our fiscal irresponsibility.

Since the political will in this Congress will not let us balance the budget on our own, we must have a constitutional amendment that will force the majority here to make the tough decisions that must be made.

Most States across our Nation have balanced budget requirements in their constitutions. It makes sense, it is responsible, and it is what the American people want.

We are spending over $50,000 a second, every second of every day, Saturdays, Sundays, and holidays included. We will take in one trillion, four hundred billion this year alone at the Federal level. This is enough to operate a strong, active, vibrant, Federal Government without going deeper and deeper into debt. I urge passage of this amendment.

Mr. Chairman, I include for the RECORD the letter to which I referred.

Hon. PAUL SIMON,
U.S. Senate,
Washington, DC.

DEAR SENATOR SIMON: I am pleased to have this opportunity to express my support for the Balanced Budget Amendment.

For 37 years I worked for the Social Security Administration, serving as Chief Actuary in 1947–70, and as Deputy Commissioner in 1981–82. In 1982–83, I served as Executive Director of the National Commission on Social Security Reform. And I continue to do all that I can to assure that Social Security continues to fulfill its promises.

The Social Security trust funds are one of the great social successes of this century. The program is fully self-sustaining, and is currently running significant excesses of income over outgo. The trust funds will continue to help the elderly for generations to come—so long as the rest of the federal government acts with fiscal prudence. Unfortunately, that is a big "if."

In my opinion, the most serious threat to Social Security is the federal government's fiscal irresponsibility. If we continue to run federal deficits year after year, and if interest payments continue to rise at an alarming rate, we will face two dangerous possibilities. Either we will raid the trust funds to pay for our current profligacy, or we will print money, dishonestly inflating our way out of indebtedness. Both cases would devastate the value of the Social Security trust funds.

Regaining control of our fiscal affairs is the most important step that we can take to protect the soundness of the Social Security trust funds. I urge the Congress to make that goal a reality—and to pass the Balanced Budget Amendment without delay.

Sincerely,

ROBERT J. MYERS.

Mr. SMITH of Oregon. Mr. Chairman, I yield 3 minutes to the gentleman from South Carolina [Mr. INGLIS].

Mr. INGLIS of South Carolina. Mr. Chairman, I thank the gentleman for yielding time to me.

I rise in strong support of the Stenholm-Smith balanced budget amendment. I believe that the amendment is needed for two reasons:

First of all, we need it for the necessary discipline to cause this House to do what we cannot seem to do on our own in the ordinary budget process. We need the discipline of a constitutional requirement of balancing the Federal Government's budget. That is the first reason.

The second reason is that we need, frankly, to create a crisis by the passage of the balanced budget amendment. Make no mistake about it. As a member of the Committee on the Budget, I am well aware that passing the balanced budget amendment will create a crisis in our budgetary process, because it will mean that all of us will have to come to the table to figure out how to balance a budget that is terribly, terribly out of balance.

That will require, that crisis will create an environment where we will come together, I believe, just as this country has come together before with other crises, where we have been faced with an outside threat. We will forget Republican and Democrat differences. We will come together at a table where we can figure out together how to balance the budget and do what we all know we need to do.

Yesterday I was in Greer, SC, doing what I call a walking town meeting, which basically means picking out a street, walking down and finding out what America thinks. The interesting

thing I found out yesterday in Greer is that on that street of ordinary Americans, everyone there is living currently under a balanced budget amendment in their homes. They cannot do what we do here, spending and spending and writing new checks. Because as Members know, in that neighborhood in Greer, SC, eventually the sheriff comes for those folks who do that sort of thing. But here in the Congress, we can get away with it forever and ever, continuing to run imbalanced budgets.

Actually, though, we cannot get away with it forever, because sooner or later we will have to pay the piper. I think that for my sake and for, I hope, the other Members here, what we have got to do is make sure that we do not expect our grandchildren to pay the piper. We have got to deal with it now. We have to pass the balanced budget amendment now, create the crisis, get everyone to the table and figure out how to balance this budget.

Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. SMITH of Oregon. Mr. Chairman, may I inquire how much time I have remaining?

The CHAIRMAN. The gentleman from Oregon [Mr. SMITH] has 1 minute remaining.

Mr. SMITH of Oregon. Mr. Chairman, I ask unanimous consent to yield that 1 minute to the gentleman from California. [Mr. GALLEGLY].

The CHAIRMAN. Without objection, it will be added to the time of the gentleman from California [Mr. GALLEGLY].

There was no objection.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Chairman, I rise today in strong support of the Stenholm-Smith balanced budget amendment.

During my service in Congress, I have stressed the need for reform in Government. To me, there is no more significant reform Congress can take than to enact a balanced budget amendment to our Constitution.

As it currently stands, our national debt currently exceeds $4.3 trillion—that works out to $17,495 for every man, woman, and child in the United States.

In 1993, our gross interest payments equalled $293 billion. This is greater than the total outlays of the Federal Government in 1974. These interest payments consumed 57 percent of all personal income taxes.

More ominously, 43 percent of national income is being consumed by all levels of Government. We have almost reached the point where Government is taking half of what we generate in income. This trend must stop or our economy will no longer be able to generate the growth necessary to create new jobs and maintain our standard of living.

Failure to enact the Stenholm-Smith balanced budget amendment will make it impossible for the procedural changes necessary to control spending to be put in place.

Congress must restore some degree of sanity in our spending and demonstrate to the American people that we can get our own house in order. Deficit spending is not acceptable and Congress must kick its deficit spending habit.

Under the alternative, it would be possible to continue to run deficits as large or larger than our current deficits. Enacting a balanced budget amendment that allows us to continue burdening future generations with a rapidly increased debt will undermine public confidence in the Constitution and Congress—confidence that is already at an all-time low.

There has been a lot of talk about Social Security being harmed by enactment of a balanced budget amendment. The truth is the largest threats to Social Security are deficits and debt.

Ballooning interest payments on the national debt already are squeezing out other fiscal priorities. Spending more and more on interest eventually threatens all programs—even Social Security.

There is nothing in the alternative amendment that would prevent Congress from balancing the budget on paper by altering definitions to classify spending as capital investments or Social Security. It would be possible to evade the amendment by funding any number of programs by draining the Social Security trust fund.

Without the backdrop of enforcement of a requirement for three-fifth's vote to increase the debt limit, it will be easy to move items off-budget to evade the balanced budget requirement.

It is time for Congress to stop playing games and pass a true balanced budget amendment. Support the Stenholm-Smith amendment and help us to restore some fiscal sanity to the budget process.

□ 1610

Mr. Chairman, let us all remember, the debate today and tomorrow is not about how to balance the Federal budget. It is about whether we should begin to balance the Federal budget. That is a very important distinction that we are going to hear more and more about tonight and tomorrow, that this will not balance the budget. But like an alcoholic who wants to quit drinking, the first step in that process is the commitment, the decision and the commitment to stop. Then after that, it is day by day, the effort to stay off of that substance. That is the commitment that we are debating, that is the commitment that this Congress should make.

Mr. GALLEGLY. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Chairman, I rise in support of the amendment offered by my good friend from Arizona, JON KYL.

The opponents of a balanced budget amendment say that we don't need it, well, 24 straight unbalanced budgets says we do.

The opponents of a balanced budget amendment say that we don't need it, well, $200 billion deficits says we do.

The opponents of a balanced budget amendment say that we don't need it, well, a $4.5 trillion debt says we do.

The opponents of a balanced budget amendment say that we don't need it, well, a 73 to 342 vote against the Solomon-Fawell-Upton balanced budget last week says we do.

My constituents in southwestern Michigan not only say that they want Congress to balance the budget, but also they want, less Government spending and a Presidential line-item veto—that's exactly what we have in the Kyl spending limitation amendment.

The Kyl amendment is very similar to the Stenholm proposal—except that it places a specific spending limit on the Federal Government and gives the President a line-item veto.

Under the Kyl amendment, Federal spending would be limited to 19 percent of the gross domestic product, which is about the average level of tax dollars collected by the Federal Government over the last generation.

Let us give our constituents what they want: a balanced budget, a Federal spending limit, and a Presidential line-item veto.

I urge my colleagues to vote for the Kyl spending limitation amendment.

Mr. GALLEGLY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. SMITH].

Mr. SMITH of Texas. Mr. Chairman, I thank my colleague, the gentleman from California, for yielding time to me.

Mr. Chairman, the balanced budget amendments being offered by Representatives KYL, BARTON, STENHOLM, and SMITH deserve our support. The alternative being offered by Representatives WISE, PRICE, POMEROY, and FURSE is just a diversion. Political cover is no substitute for fiscal responsibility.

When you threaten the Washington power structure, you can expect a powerful response. This is what the authentic balanced budget amendments do.

Critics claim an amendment would "lock-in" Congress to draconian deficit reduction that would burden the economy. In the event of a recession, an amendment would supposedly have adverse effects—keeping taxes up when the economy needed just the opposite from the Government.

But, these amendments are not inflexible. They can be overridden with sufficient votes, and I am sure they would be with sufficient cause, such as a dramatic economic downturn or na-

tional emergency. Getting congressional support for spending has not been a problem. If it had been, we would not be debating this legislation today.

Is the amendment too draconian? Does it cut too deeply, too quickly?

There is a fundamental flaw in the critics' assertion that less Government spending equals less national spending. The money the Government does not spend will still be spent and invested. The only difference is, it will be spent and invested by those who earned it, and no doubt, more carefully and more productively than by the Government.

Will States suffer under a real balanced budget amendment? There probably will be less money from Washington—the whole idea being to cut Federal spending. However, State and local governments will see their tax base increase from more retained earnings of their citizens and from greater local investment.

The real complaint of critics is not that it hurts vulnerable groups, but that it hurts federally funded special interests claiming to represent these groups. This is the Washington status quo and it is little wonder they are frightened by the balanced budget amendment. In contrast to those who earn and invest, the only economic system special interests know is to receive payments from Washington.

Is a balanced budget amendment a substitute for tough choices, as critics say? On the contrary, it will only be a substitute for tough choices if it does not pass. If it passes, then the tough choices will have to be made, and no one will be held more accountable than those who supported this amendment.

Finally, what is the solution being proposed by those opposing the balanced budget amendment? Presumably we are to count on the economy to grow us out of the problem.

The question then becomes: What will improve the American economy faster: a government spending more than it takes in, or a private sector that gets to spend more of what it takes in? I believe the latter will, and I believe my colleagues who support the amendment, and the American people, who pay the bills, agree with me.

While I support a balanced budget amendment, I do not support every amendment that calls itself by this name; specifically, the amendment being offered by Representatives WISE, PRICE, POMEROY, and FURSE.

Rather than solving the root problem of the deficit—uncontrolled Federal spending—their amendment will seek to redefine it out of existence. They will do so by calling some spending capital investment. If this passes, the category of capital investment will grow hand-in-hand with Federal spending.

The only thing their amendment will do is to give Members who are afraid to tell taxpayers that they couldn't say "no," a flimsy excuse to hide behind.

I urge Members to oppose the amendment being offered by Representatives WISE, PRICE, POMEROY, and FURSE. This contrived sheep in wolf's clothing will do nothing to solve the problems arising from our irresponsible spending. Instead it will provide cover for it in every sense of the word.

Instead I urge my colleagues to support a true balanced budget amendment and vote for the versions being offered by Representatives KYL, BARTON, STENHOLM, and SMITH.

Mr. GALLEGLY. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts [Mr. TORKILDSEN].

□ 1620

Mr. TORKILDSEN. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today to support an amendment to the Constitution requiring a balanced budget.

This dramatic, historic step is necessary. We cannot continue down the path of never ending, ever increasing debt.

The buck must stop here, today, in this chamber, and with this amendment.

We all know of national polls that show overwhelming public support for this amendment, but perhaps that only reflects the frustration the American people feel about the inability of this institution to deal with many difficult problems.

The fears of the American people are reaffirmed every budget and appropriation cycle. Forty-nine States have balanced budget amendments to their State constitutions, and no one cries calamity in those 49 States. Yet some Members of this body act as if adding one here would bring the end of the world.

It is remarkable that the Federal Government has not posted a surplus since 1969. The Federal Government has in fact run a deficit for 56 of the last 64 years.

Only last week, this body debated and passed a measure that purported to take tough action on the deficit. However, that supposed tough action still increases the public debt by $1.2 trillion over the next 5 years, for a staggering total debt of $4.7 trillion. No wonder the American people have lost confidence in the way the decisions are made here and the decisions themselves.

Thomas Jefferson viewed the frugal management of money as "among the first and most important virtues, and public debt as the greatest danger to be feared."

Amending the Constitution is not an endeavor that I support lightly. But the Framers of the Constitution never envisioned that the Federal Government would violate the trust of the people my mortgaging away the future of not only their children, but also their grandchildren and great-grandchildren.

What is the result of doing nothing? The result, simply stated, would be economic disaster.

Even if interest rates remain steady, we as a country are rapidly approaching the day when interest on the debt will consume nearly all personal and corporate income tax receipts. And should interest rates rise, the results will be even worse. Moreover, huge Government borrowing to finance this deficit spending is thwarting investment in new enterprises and new jobs.

Not for the sake of political expediency—but for solid economic reasons—this amendment must pass.

Our obligation today is to put our Nation's fiscal house in order. The reason we need a constitutional amendment is that previous statutory efforts have failed, whether Gramm-Rudman-Hollings, zero based budgeting, or any other attempt during the past quarter century.

The serious step of amending the Constitution is warranted: The consequence of doing nothing is economic calamity. Let us do the right thing and pass the balanced budget amendment.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Chairman, I thank the gentleman for yielding me this time, and I compliment him for the work that he has done in this endeavor over the past over 10 years.

Mr. Chairman, I rise today in strong support of the Stenholm version of the balanced budget amendment.

Today, we in this body are considering exercising our most powerful legislative option—an amendment to the U.S. Constitution. Only 27 times in our history have we amended the Constitution. Our Founding Fathers made this procedure difficult. We should never act in haste or frivolity when tampering with our Constitution.

I could stand before you today and reel off the financial figures our Nation faces today—a debt in excess of $4 trillion, and deficit which, thanks to the diligent efforts of President Clinton, has been drastically lowered, but still comes in at the astounding figure of $180 billion. We have reached the point where our debt is discussed in figures which were beyond our imaginations just 50 years ago. My colleagues, the time to stop this debt spiral is long passed.

The Stenholm balanced budget amendment is strong medicine. It requires a balanced Federal budget by fiscal year 2001. It requires a super-majority of three-fifths of each body in order to operate a deficit. Unlike the various Republican substitutes, it recognizes that a realistic balanced budget will, in all likelihood, require a com-

bination of deep cuts in Government services and increases in revenues. Unlike the leadership substitute, the Stenholm plan forces us to make the tough decisions that will be necessary to bring fiscal responsibility to our Federal Government.

Mr. Chairman, make no mistake. Passage of the Stenholm balanced budget amendment will mean pain. Our constituents will likely be shocked at the sacrifice that will be required in order to balance the budget. And Members of Congress will feel the pain of not being able to say yes to every spending request that comes down the pike.

There are no magic pills, no golden eggs which can cure our deficit problem. Our national debt is not a bad dream that we can simply wake up from to find things okay. It is a serious problem which requires a serious solution—something that had eluded this body, and other body, and every administration in power, over the last two decades. We will not make the tough decisions without the power of constitutional restraint.

Mr. Chairman, the pain we will have to face to balance our budget today does not compare to the pain that will be forced on my grandson, Carr Valentine, his generation, and future generations if we do not make the tough choices today. We are, I say to my colleagues, spending our children's inheritance. We are living high, and leaving them the bill. That practice must stop, and it should stop today.

I urge my colleagues to join me in support of the Stenholm balanced budget amendment.

Mr. Chairman, it is an irresponsible and immoral practice which must cease, and the only way to cease it, in my judgment, is to adopt the Stenholm balanced-budget amendment.

I urge my colleagues to join us in this crusade.

Mr. PRICE of North Carolina. Mr. Chairman, I yield 6 minutes to the gentleman from Maine [Mr. ANDREWS].

Mr. ANDREWS of Maine. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, we have an extraordinary opportunity before us today, and when we vote on these measures tomorrow.

We have a breath of fresh air that has entered into this debate, and that breath of fresh air is the Wise substitute that says that it is time that we stop rehashing the tired old balanced-budget-amendment debates year after year, session after session of Congress, and decide instead that we are going to fundamentally reform the budget process in this country, and we are going to start by telling the Federal Government in Washington that it has to start looking at its budget like every successful business in America looks at its budget and every successful household looks at their budget across the country, and that is simply to recognize the fact that there is a fundamental difference between capital investment for growth and economic productivity and strength on the one hand, and an operating budget to meet your day-to-day, week-to-week expenses on the other hand. That is exactly what the substitute that the gentleman from West Virginia [Mr. WISE] is presenting to us will do.

We have a chance, ladies and gentlemen, to look forward in this country. to recognize that the way we get this budget finally under control is through economic growth and strength, and that if we realize that investment, planning ahead, building a strong economic foundation is important, then we need a vehicle. We need a budget that will allow us to make those critical investment decisions.

You know, in my State of Maine, we have been suffering and continue to suffer from a recession, tremendous problems all over our State, with people who are out of work and unemployed and without hope, looking for an opportunity to turn their lives around, looking for a chance for a future and to build a future.

They turn to us to say, "What are you doing about it," particularly those who have been involved in the area of defense who have helped through their labor this Nation win the cold war and are now asking us in the post-cold-war era what are we, as a nation, going to do to help them.

Well, I will tell you something, ladies and gentlemen, we need them. We need that defense industrial base. We need that skilled work force. We need those communities and those neighborhoods to go to work, to rebuild the foundation of this country's economy.

But we are not going to have it if we continue to be locked into this Federal budget process that does not recognize the difference between investment for economic growth on the one hand and operating expenses on the other. If you took over a business today and you were asked to turn that business around that was failing because of bad mismanagement, you would probably do two basic things: First of all, you would look at what spending you are incurring that has no relationship to the productivity and success of your business, and as painful and as difficult as it may be, you are going to cut that spending. That would be obviously important.

□ 1630

But the second thing you are going to do, which is just as important as the first, is you have got a business plan. You are going to set goals for your company, have a strategy to reach those goals, and you are going to invest capital in that strategy so that you can realize those goals.

Ladies and gentlemen, why can we not as a nation, why can not the politicians in Washington, DC, do exactly the same thing? Let us set our goals on strong, robust economic growth; let us set a strategy that we rebuild our crumbling infrastructure, the foundation of this country's economic strength.

Put people to work rebuilding that foundation and then put people to work from the success that we will generate from that revived foundation. Then, ladies and gentlemen, we will get a return on investment in economic growth, increased revenues, increased numbers of people and families working, and we will turn this budget around in the correct way.

The Stenholm balanced budget amendment, ladies and gentlemen, is flawed, for a fundamental reason: It locks us into the status quo. It fails to make that critical distinction between investment looking ahead, planning and growing our economy, and operating budgets on the other hand. The way that we can—and this is the first time that I as a Member of Congress will have an opportunity on this floor of this House to vote for this basic budget reform—I am going to take advantage of that and I urge all of you to do the same thing.

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

Mr. ANDREWS of Maine. I yield to the gentleman from West Virginia.

Mr. WISE. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the gentleman's remarks. He is absolutely correct. I suspect that, just like West Virginia, does the State of Maine have a capital budget program?

Mr. ANDREWS of Maine. Yes, it does.

Mr. WISE. Does it treat operating income in one way and capital investment another?

Mr. ANDREWS of Maine. Exactly right. We look at what our basic capital investment needs are, we establish a budget for that, and we invest. That is separate from the operating budget of our State. That is exactly right.

Mr. WISE. I thank the gentleman for making that point, because that is simply what we are trying to do in this amendment, to make the Federal policy much more in common with that of the States, which some people who have trooped down here in the well say they want to do.

Mr. ANDREWS of Maine. I appreciate the gentleman's leadership. I went to the Committee on Rules last year to try to bring up on the floor exactly what the gentleman from West Virginia is doing today.

Mr. WISE. The gentleman from Maine has been a leader in this effort, and I thank him for supporting us as aggressively as he has.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in strong support of the balanced budget amendments put forth by Congressmen STENHOLM, SMITH, BARTON, and KYL and against the Wise substitute.

Listening to what has been said about the balanced budget amendment, I cannot help but be reminded of the "Chicken Little" fable.

Recall that Chicken Little was struck in the head by an acorn while walking though the woods one day. Believing that the sky was falling, Chicken Little ran to warn the King of the imminent danger. On his way to see the King, Chicken Little convinced other animals of the apparent tragedy, except one—the wolf—who saw through their foolishness and took advantage of their fears.

What does this all mean in the context of the balanced budget debate? It means we can imagine many of our fears into existence. "Courage," said Plato, "is knowing what to fear"—and we most certainly should not fear the balanced budget amendment.

Administration and Democratic leaders want us to believe the sky will fall if the BBA were to pass. They are using scare tactics—targeting various groups and segments of the population—seniors most notably—arguing that the amendment would wreak havoc, causing massive cuts if not outright repeal of programs.

They have convinced themselves and others that the amendment is a "sham," "horrendous," "harmful," and "terrible." The administration itself said, "We need to save the country from this disaster." But I ask: Are not $200 billion deficits, $4.5 trillion debt, and mortgaging our grandchildren's future the real disaster?

Americans are not buying this Chicken Little foolishness. That is why a vast majority of Americans when polled support the balanced budget amendment. These scare tactics are wrong. Ratification of the balanced budget amendment will not be a disaster—particularly for seniors.

There can be no denying that very hard choices will have to be made by all Americans if we are to balance the budget by the turn of the century. If the BBA is passed by Congress, it will take at least a couple of years before the amendment is ratified by 3/4ths of the States, as required.

According to the amendment language, Congress then would have 2 years before the amendment would take effect. Since the balanced budget amendment is not going to take effect until at least 1999, Congress effectively has 5 years to bring deficit spending under control.

Some of us have put forth spending cuts plans that would put the budget in balance or on a downward path by the turn of the century—without touching Social Security—Republican budget alternatives and Penny-Kasich to be specific. So it can be done.

More importantly, the real threat to Social Security is interest on the debt which is squeezing out other fiscal priorities. Spending more and more on interest eventually threatens all programs, even Social Security.

Because the numerous legislative opportunities to lock-in deficit reduction have led nowhere but up—in both deficit and debt terms, we are left to conclude that amending the Constitution is the only remaining hope to impose fiscal responsibility on this Nation.

Because a majority in Congress continues to buckle under special interest pressures—which is what is driving the opposition—we must pass a constitutional amendment.

Because the myriad of interest groups feeding at the public trough, are not persuaded by arguments on behalf of the public interest—we must pass a constitutional amendment.

The balanced budget amendment is not draconian. It allows for orderly transition to get us to balance. And it provides enforcement teeth.

It reestablishes a level playing field, forcing Congress to place higher priority on balancing the budget than spending and taxing.

It restores the Constitution's limited government concept.

The balanced budget amendment will help us achieve the objective all of us agree with. Let us not allow the wolf to see through our foolishness. Vote for the real balanced budget amendment. The sky will not fall.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. KNOLLENBERG].

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, although it may not seem so now, this discussion surrounding the balanced budget amendment is truly one of the great debates of our time.

For over two decades, the Federal Government has suffered from severe fiscal hemorrhaging. We all know it, we can all see the inevitable consequences. The question we face is whether to finally apply a tourniquet, or continue using Band-Aids.

Like a tourniquet, the balanced budget amendment is an imperfect tool. It would be great if we could make the tough choices on our own, but we have proven over and over again that we cannot or will not.

We have not balanced the budget in 25 years, and there is no evidence we ever will without a balanced budget amendment.

We have three very thoughtful alternatives before us today.

The Stenholm-Smith amendment is the classic approach, both tough and enforceable. The Kyl amendment builds on the good work of Stenholm by providing important safeguards against a creeping welfare state. And the Barton amendment protects the American people by requiring a supermajority of Congress to raise their taxes.

Any one of these three would be a giant step on the road to fiscal sanity.

But let us not lose sight of the real issue here.

Congress has a spending problem. The entire country knows about it. The American people have tried time and time again to tell us. But many of us are not listening.

That is because we are in denial. Spending makes us feel good—it gives us a feeling of importance. And let us face it, it is easier to spend than to say "no" to the many groups who come through our doors with opened hands.

So we tell our critics, "Hey, it's okay, we've got our spending under control. Just give us a few more years, we'll balance the budget.

But we are not making the grade. The CBO numbers show it. The OMB numbers show it. The only question left is how far will we go before we hit bottom.

The real choice we face is this: Should Congress admit that it is powerless over its addiction? Should we cede our control to the higher authority of the Constitution?

I say yes. It is time we face our problem. We do not need to figure out today exactly how we are going to do it. We only need to make the commitment.

I implore my colleagues, let us pass a balanced budget amendment. Let us make that commitment. We are hurting the people we represent. We are ruining our childrens' future.

And in our heart of hearts, every one of us knows that it is the right thing to do.

So remember why we are here. Remember your responsibility to our children and grandchildren. Vote for a balanced budget amendment.

Mr. WISE. Before I yield to the gentleman from Pennsylvania [Mr. BORSKI], I just want to go on record: Ours is an alternative, and we are saying that we are prepared and want to craft a reasonable amendment to the Constitution of the United States.

But I do want to disassociate myself from the remarks of some who want to join the stop-me-before-I-kill-again club. The reality is, I do not think Members of Congress are powerless to do something about deficit spending or economic growth.

□ 1640

We think that our amendment, the Wise-Price-Pomeroy-Furse amendment, goes a long way toward putting responsible policy into the Constitution and yet still leaves up to Congress its basic authority.

Someone earlier today in a debate I was in talked about the need to inject

spine into Members of Congress. This was another Member. My feeling is that the taxpayers do not look at us as needing to inject spine. They are quite capable of kicking us in the backside when they think the job is not being done, and they expect the job to be done.

So my message, Mr. Chairman, is that this is a very important debate. We have legitimate reasons why we think there should be language in the Constitution or those who do not think it should be in the Constitution, but I would just ask Members not to portray themselves as powerless in this.

Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. BORSKI].

Mr. BORSKI. Mr. Chairman, I wish to express my strong support for the Wise amendment. A forward-looking and realistic balanced budget proposal that will attack our true deficit problems while protecting important investments that have long-term economic benefits.

The Wise amendment will not only bring us a balanced budget but it will, for the first time, give this Nation the sensible and rational approach of long-term capital budgeting.

I support the Wise amendment because, unlike all the other proposed constitutional amendments, the Wise amendment will create a capital budget and protect senior citizens.

The Wise amendment will protect long-term economic growth and our Nation's senior citizens. Unlike the Stenholm amendment, the Wise amendment would take Social Security and veteran and disability programs off budget.

Under the Wise amendment, Social Security is protected. Under the Stenholm amendment, the average senior citizen in Pennsylvania could face an annual Social Security reduction of $1,136.

We should not attempt to balance our budget by squeezing those who can least afford it—our senior citizens and the disabled.

By exempting capital investments that have long-term economic benefits and Social Security from the balanced budget calculations, the Wise amendment will allow a true accounting of the operating budget.

It would allow us to make needed investments in our physical infrastructure—highways, airports, transit systems, wastewater treatment systems, ports and inland waterways.

These investments are absolutely critical to our Nation's economic growth and to our ability to compete effectively in the global economy.

The Wise amendment would allow needed infrastructure investments under the type of accounting procedures used by most State governments, by local governments, and by virtually all businesses in this Nation.

In contrast, the Stenholm amendment would continue to use our Nation's infrastructure trust funds, supported by dedicated taxes, to balance the budget.

By forcing cutbacks in capital investments, by limiting what we can invest in highways, transit, airports, ports, inland waterways and environmental infrastructure, the Stenholm amendment would ensure that America would not be competitive in the global economy.

Unlike the Stenholm amendment, the Wise amendment would not require super-majorities to allow deficit spending when it is absolutely necessary—in time of war, imminent security threat, or recession.

The Wise amendment would maintain the long tradition we have in this Nation of majority rule, not minority veto.

The Stenholm amendment would use the Social Security trust fund, the highway trust fund and the aviation trust fund to shield those very operating programs that should be reviewed annually to balance the budget.

For 20 years, our Nation's investment in the infrastructure has declined when compared to other spending. The result has been declining productivity and a decline in the American standard of living.

The Wise amendment would apply the same accounting principles of long-term capital investment to the Federal Government that a substantial majority of States use.

Most important, the Wise amendment would apply the same accounting principles to the Federal Government that virtually every American family uses.

Just as the American family does not include its mortgage balance and other total, long-term obligations in its annual accounting, the Federal Government should not be required to include infrastructure investments in its budget.

Just as the American family balances its yearly income and expenses, the Federal Government should balance its operating budget.

I urge passage of the Wise amendment as the only proposal before us that will lead to a true balance budget while protecting our senior citizens and maintaining our ability to invest for long-term economic growth.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. COLLINS].

Mr. COLLINS of Georgia. Mr. Chairman, I rise in support of all amendments, the Stenholm, the Kyl, the Barton, and the Wise amendments.

The message has been clear from working people and those who have worked all their lives and now are enjoying the fruits of their labor from all across this Nation, and that message is: "Stop spending more money than you take in. Cut spending. Treat the Federal budget the same way that we have to treat our home budgets."

Mr. Chairman, it is unfortunate that the majority of the Members of this body have not received that message and are not willing to face up to true responsibility, and that calls for a balanced budget amendment as being the only way.

Mr. Chairman, it kind of reminds me of holding a shotgun wedding. As my colleagues know, we know what our responsibilities are. We are just not willing to walk down the aisle unless we are forced to.

I regret that we have opponents of the balanced budget amendment who are using our senior citizens by implying that a balanced budget amendment threatens Social Security. A balanced budget amendment, I believe, is the only way that we can ensure not only Social Security but programs that we have—very worthwhile programs—are maintained and continued.

I am going to vote for the balanced budget amendment, only I wish we would face that responsibility without such because we could do it in much shorter time. But also I hope that this body will face up to the responsibility of looking at the tax codes and changing those tax codes. It will put in place incentives, incentives for business to invest and to create jobs, encourage investment, and I hope again we will go back and look at the tax codes to see how we can help the middle class, how we can put more money back into their pockets and their home budgets and help them, as they are the working force and the real cash flow of not only the country but of this Government.

Mr. Chairman, I urge all of my colleagues to support each and every one of these balanced budget amendments.

Mr. WISE. Mr. Chairman, I yield 3 minutes to the gentlewoman from the District of Columbia [Ms. NORTON], one who has been a very aggressive Representative for capital budgeting and the need for investments.

Ms. NORTON. Mr. Chairman, I urge that we reject the balanced budget amendment and go no further than the amendment offered by the gentleman from West Virginia [Mr. WISE].

Mr. Chairman, there have been 10,938 amendments to the Constitution introduced since our founding as a nation. Only 27 of them have become amendments. Ten of these were added by the Founders, and only two-tenths of 1 percent, or 17, by those of us who have followed the Founders. One of these was a repealer. We see in this small number the wisdom of the Founders, the wisdom of our fellow Americans, and the understanding that we must not trivialize the greatest Constitution ever written by trying to get everyone's pet issue into it.

I speak, Mr. Chairman, as a constitutional lawyer with special respect for

the Constitution. I respected it as a document even before I was in it, and I must note the irony that we are talking about putting the annual budget, as it were, in the Constitution when half the population isn't in the Constitution yet.

I oppose putting in the Constitution even those matters with which I agree. In the District of Columbia there was a referendum this past election approving a constitutional amendment to direct resources to domestic concerns following the end of the cold war. I interpreted that to mean that I could put in a piece of legislation, and I refused to put it in as a constitutional amendment.

I pulled out my Constitution before coming to the floor to look at its provisions. All that one has to do is look at the document to see how radical is the idea of a balanced budget amendment. There is almost nothing in the Constitution about finances or taxes. The most important is the 16th amendment generally giving us the ability to raise money through the income tax. It is a schoolboy's exercise to dictate annual, unforeseeable financial matters in the founding document of our country. It is unworthy of a sophisticated National Legislature.

The Wise amendment is surely as far as we can safely go, and its most important provision is a structural provision of the kind ready made for constitutions—its capital budget section.

Moreover, Mr. Chairman, this amendment comes at an ironic moment, when we have already reduced the deficit by $80 billion since the Clinton administration came to power.

□ 1650

Thus, we have already shown that we can do it. Yet here comes this constitutional amendment to do for us what we are resolutely showing, finally, we can do for ourselves. Moreover, even what we are doing in the next 5 years is already causing pain and is going to cause even greater pain.

Imagine the kind of pain we will get if we rush blindly toward a balanced budget. We have seen a preview of what we would get—in the California debacle of 1992. California needs a two-thirds vote to pass a budget. For months they went with IOU's to their employees. Can you imagine millions of Federal employees with IOU's of the same kind? This would be a self-inflicted wound.

Moreover, we would, in effect, pass many of the expenses of the Federal Government to the States and localities. Watch out, America. A balanced budget here means regressive taxation for you. One of the best kept secrets is that your taxes at the State and local government levels will go up because we have decided to balance our budget on your backs.

Moreover, this is a rigged amendment. As to revenue increases, there will be rollcall votes of the full membership of the House. For program cuts, we need only those present and voting.

In 2001 we would get a balanced budget at the expense of a wrecked economy. If we pass this amendment, we will soon see the first repealer since prohibition. Not every bright idea belongs in our Constitution, and this is a very bad one. I ask my colleagues to reject it.

Mr. GALLEGLY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Florida [Mrs. FOWLER].

Mrs. FOWLER. Mr. Chairman, I rise in support of a strong balanced budget amendment.

The House debate on the 1995 budget last week confirmed once again our need to halt Congress' terrible addiction to deficit spending. Unless we do, we will give our children, and our children's children, a future with little hope for economic prosperity.

The debate today carries with it significant ramifications. Amending the Constitution that has served this Republic well in so many ways for 205 years should not be taken lightly.

But a review of our spending patterns for the last 6½ decades provides powerful arguments in favor of this strong medicine. The Federal Government has run a deficit for 56 of the last 64 years. Our Nation is nearly $5 trillion dollars in debt. The interest we paid on the accumulated debt last year was almost $300 billion.

I should note that some special interest groups are using fear tactics to scare senior citizens on this issue. The balanced budget amendment does not mena our seniors need fear a reduction of Social Security or other benefits. In fact, our current policy of borrowing from the Social Security trust fund to finance our debt represents the greatest threat to the fund's solvency.

Mr. Chairman, our runaway spending represents a danger to the future prosperity of our Nation and to all Americans. A balanced budget amendment will require sacrifice, but without it we will never achieve fiscal sanity. I urge my colleagues to support the Kyl, Barton, and Stenholm amendments.

Mr. GALLEGLY. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. HOEKSTRA].

Mr. HOEKSTRA. Mr. Chairman, today I rise in support of the three real balanced budget amendments, the Stenholm-Smith, the Kyl, or the Barton balanced budget amendments.

It is time that we really address the problem. It is interesting for me as I listen to the debate that says we can solve the problem in other ways, rather than passing a balanced budget amendment. But being a freshman in Congress and watching what we have done over the last 2 years, the record that this Congress has accumulated over the last number of years, listen to the numbers. Today the country is in debt to the tune of approximately $16,000 per individual. In 1995, we will add another $700 in debt per individual, another $2,800 per family of four.

This Congress is not disciplined. It is like many of the ones that have come before it. We continue to spend more than we take in, and we can no longer continue that process.

The willingness of Congress to spend more than it takes in proves that we need the balanced budget amendment to the Constitution. Our ever-growing national debt is the legacy of shame that we are leaving to our children and our grandchildren. As a father of three, I cannot stand idly by and watch this Congress continue to threaten my children's future and the future of this country.

The balanced budget amendment is not a threat to the lifeblood and the health of this country over the next 5 to 7 years. The lack of having a balanced budget amendment is the threat to what this country and this economy will look like in 5 or 7 years.

The American people will no longer tolerate wasteful and unnecessary spending in Washington. A balanced budget amendment, sorry to say, provides the only mechanism to help Congress reduce the deficit now, rather than later. I rise in support of these three balanced budget amendments. We need to impose more needed discipline on Congress.

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

Mr. Chairman, I want to respond to some of the Members who have spoken ahead of me. A balanced budget amendment in an of itself solves nothing. I spoke earlier about folks who want to get a spinal injection of some kind of courage. I would point out to the gentleman who just spoke, who wants to lament about Congress, when it enacted the budget package in August, which no one on his side of the aisle, including himself, voted for, Congress put into place a program which so far has defied every projection that was made from the other side of the aisle about job killing economy, putting us in the economic tubes, about all sorts of maladies, economic maladies that would happen.

Indeed, what we have seen is the highest amount of deficit reduction and the lowest deficit in 6 years, a deficit that this year is projected to be 40-percent lower than last year, and far lower than anyone projected; a deficit that is on track with what the President originally proposed, which is to have the deficit as a percentage of our budget reduced by one-half. And that is happening.

Now, I agree with all Members in this Chamber who say that is not satisfactory, that that is only part of the job. More must be done. But I think it is wrong to say that Congress has not

done anything and is incapable of doing something.

Second, I do want to share with Members why it is that I am here in the well supporting an amendment to balance the budget. And I will be honest, I come here reluctantly, because from a lot of the debate this year and past years, I find myself wondering whether I really support an amendment to balance the budget, as I would like an amendment to require balance rhetoric. Because what I have heard today here is do not worry, senior citizens, Social Security will be on budget. You are not going to be affected. Do not worry. To those of you concerned about massive program cuts, there will not be cuts that affect you or hurt you. Do not worry. And no one mentions the T word: The reality of the situation is if any of these amendments pass, including the one I am sponsoring, there will have to be tough steps taken to get to a balanced budget in 7 years.

I have great respect for the gentleman from Texas [Mr. STENHOLM] who last year, after his amendment failed, went to work with the chairman of the Committee on the Budget, then Leon Panetta, and crafted, along with others a legislative approach that laid out how you would get a balanced budget. Basically it would have required cuts across the board, and I believe it was roughly $4 of cuts for every dollar of tax increases, but it would have gotten there.

I still remember the meeting of many of the ones who were in here today beating their breasts proudly about how much they support a balanced budget amendment when they saw the figures of what it would be under that legislation, how much you would have to cut from entitlements, for instance, in the out years. I still remember the priceless quote of someone who will remain nameless forever, but forever identified in my mind, of saying Leon, could we not just slip the years a few? Could we not just change it and make it effective in the out years, because these cuts in the first few years are too tough.

The reality of the situation, the chairman then looked at him and said, you just voted to put this in the Constitution. What did you think you were going to do?

I am here because I believe that you can craft a balanced budget amendment. I believe the Wise-Price-Pomeroy-Furse is a proper one. But once again, Mr. Chairman, this is not a powerless body, and we have to understand that by enacting this budget, it is a first step, a tough step, but the really tough votes come right after it, and that is how you actually implement it.

I will finally leave this challenge once again, which I have not had answered yet: If you believe that Social Security is not going to be affected, and I do not make the claims that some have made about great cuts in Social Security, if you believe it is not going to be affected, fine. Then let us make that clear to everybody and put everybody's mind at ease and take it off budget.

Second, if you believe this budget ought to be like the States from which we all come, then put capital budgeting in as your State has.

□ 1700

Mr. GALLEGLY. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. COX].

Mr. COX. Mr. Chairman, I thank the gentleman for yielding time to me.

We need a balanced budget amendment, because spending is running out of control. Take a look at this chart.

In 1969, 1970, 1971, 1972, and 1973, a 5-year period, the total Federal spending was $1.1 trillion. In 1994, Bill Clinton's budget for 1 year is far more than the 5 years from 1969 to 1973, the guns-and-butter years of Vietnam, the height of the Vietnam war.

Look at this number, 1994 through 1998, the Clinton budget, $8.1 trillion in spending compared to what George Bush and this Congress did, $6.6 trillion in spending over 4 years.

We are not cutting things. They are getting more and more and more expensive. And we are financing it, yes, with the largest tax increase in American history, because that is what happens when we spend this rapidly, but also, with increased borrowing from the Treasury, that gives us a national debt that is setting a record.

We are told that we should not have a balanced budget amendment. What we should have is a capital budget. A capital budget would let us achieve the appearance of a balanced budget by moving the goal posts. We would define away most of our spending and call it investment. And if spending is investment, then we get to borrow in order to pay for it. In short, a capital budget would provide the intellectual underpinnings for still more deficit spending.

Since 1969, the annual budget of the Government, the appropriations by Congress, has increased by 800 percent, 800 percent on an annual basis.

Sixty percent of next year's deficit will be represented by increases that this Congress has made to 1993 spending levels.

The Clinton budget calls for $1.475 trillion of additional spending on top of current levels.

Spending is the problem. If Members think that the status quo is acceptable, if they think this trend is acceptable, do nothing and vote against a balanced budget amendment. If Members think that the Congress does not spend enough under the status quo, vote for a capital budget.

Mr. WISE. Mr. Chairman, I yield 7 minutes to the gentleman from Minnesota [Mr. SABO], the distinguished chairman of our Committee on the Budget.

Mr. SABO. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, today we will begin to vote on a series of proposals to add a balanced budget amendment to the Constitution. I oppose putting this type of requirement in the Constitution and I would like to tell you why.

The Constitution did not create our budget problems and changing it will not solve them. Rather—solving our budget problems will require an exercise of political will which is not dependent on the Constitution and cannot be engendered by the Constitution. The Constitution is our most valuable governing document and it should not be altered without extreme care.

I believe there are three very fundamental problems with putting a balanced budget requirement in the U.S. Constitution. My first objection concerns the manner in which this addition would change the nature of our Constitution. The second involves the change in the balance of powers between the three branches of government which I believe would result from this type of constitutional requirement. And, my third objection relates to the change in the balance of power within the legislative branch under some of the proposals.

I. THE BALANCED BUDGET AMENDMENT IS FUNDAMENTALLY DIFFERENT FROM EXISTING CONSTITUTIONAL PROVISIONS

The Constitution is about fundamental rights and basic limits on the power of Government. The balanced budget amendment is essentially different from the other limits on Government powers found in the Constitution. The existing limits tend to be commands ordering some branch of government not to do something—for example, not to pass laws abridging freedom of speech. This proposal, however, seeks to command Congress and the President to do something very specific each year, namely to enact a package of spending and taxing legislation that balances the budget.

I believe it will either prove to be an unenforceable promise, or its enforcement will shift unprecedented budgetary powers to the courts and the President. Adding an unenforceable promise to the Constitution could undermine respect for the Constitution itself. On the other hand, making it enforceable creates a new set of problems, which brings us to my second objection.

II. ITS ENFORCEMENT WILL DRAMATICALLY ALTER THE BALANCE OF POWERS AMONG THE THREE BRANCHES OF GOVERNMENT

Enforcement of this type of amendment could require an exercise of unprecedented powers by the President and/or the Federal judiciary. One concern is that a President could assert broad powers to withhold spending or

modify programs and benefits using the balanced budget amendment as justification. This could occur even if Congress, acting in good faith, had passed a balanced budget but the President did not believe it was balanced. This shift of power is in direct contradiction to the basic plan of the Constitution which assigns primary power over the purse to the people's elected representatives in Congress.

Second, I believe a balanced budget amendment could give rise to a flood of litigation. I realize that there are some proposals that try to include language limiting the power of the courts, but I am not sure that is possible in this type of situation. And, if the courts do have to enter this area, they could find themselves embroiled in matters of spending and taxes that have always been the province of elected branches of government. This is a profound change in our system of governance.

III. SEVERAL OF THE PROPOSALS WOULD RESULT IN A SIGNIFICANT CHANGE IN THE INTERNAL BALANCE OF POWER WITHIN THE LEGISLATIVE BRANCH OF GOVERNMENT

In three of the four proposals before us, the amendment would greatly increase the power of minority blocs within the House and Senate. This is because they require a super-majority to waive their various requirements. Consequently, in any year when Congress and the President are unable to completely eliminate a deficit, a minority of either Chamber would be able to block budget-related legislation. This is contrary to the basic constitutional principle of majority rule, and could lead to brinksmanship and gridlock.

The Constitution requires a super-majority vote in both the House and the Senate in just three situations: Approving a constitutional amendment, overriding a Presidential veto, and declaring the President unable to perform his duties. All three situations involve action by Congress without the President's participation. The requirement for a super-majority of both Houses and the President's signature is without precedent in the Constitution.

IV. CONCLUSION

In addition to the basic philosophical problem I have with amending the Constitution for this purpose, I have several practical concerns. In my judgment, two of these concerns are very important.

First, national governments have special roles to play, including economic stabilization and responding to emergencies at home and threats from abroad. All of these functions require some flexibility in budgeting. This is inconsistent with a rigid balanced budget requirement in the Constitution.

My second concern involves the way we finance Government debt. Interest costs are the only totally uncontrollable costs in our budget. This year they will account for 14 percent of our total spending. A requirement to balance the budget every year could create real pressures to finance all Government debt over the longest possible terms. This could have the effect of making Government much more costly than it already is.

I fear that we may do serious, although unintended, damage to our finances and to the institutions of democracy if we add this to our Constitution. In flirting with this amendment, we are indeed playing with fire.

□ 1710

Mr. GALLEGLY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong support of the balanced budget constitutional amendment.

The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of Government.

We should consider ourselves unauthorized to saddle posterity with our debts, morally bound to pay them ourselves. Thomas Jefferson's words ring just as true today as they did 200 years ago. As the guardians of the people's treasury, we are already constitutionally bound to govern responsibly. We, as a body, have failed to do that.

Mr. Chairman, when I first came to Congress 16 years ago our Government carried a deficit of only $60 billion. Today, our deficit postures at $223 billion, scheduled to balloon again after 1997 if Congress continues down the same path.

Time after time, legislative solutions have been brought to this floor, debated and even passed, yet deficits continue to exist and the debt continues to compound.

A constitutional amendment would institute fundamental reform in the Government's fiscal practices. By constitutionally forcing Congress to make the tough decisions, we will have to devise a real solution.

Yes, a constitutional amendment does not in and of itself deal with the problem. But, it sets us on the right path. Balancing the budget will ultimately require specific provisions, not merely constitutional mandates. That is why last week along with a number of my colleagues, I brought a package of specific yet responsible budget cuts to the floor that would have balanced the budget over 5 years by cutting Government spending $698 billion. Those were the hard choices. The fact that this balanced budget package received only 75 votes vividly demonstrates why a constitutional amendment is necessary. Congress won't do it if it has a choice to vote no.

In conclusion, let me address the cries of many Members of Congress, seniors' organizations and even the President who claim that a balanced budget amendment would devastate seniors programs and massively increase taxes. First, the balanced budget we brought to this floor last week proved that the budget could be balanced without touching Social Security or earned veterans benefits; without slashing Medicare and without gutting defense.

It can be done and every senior in this country must realize that a present debt of over $4 trillion and yearly debt interest payments of over $200 billion are the real threat to the existence of all seniors programs. Contrary to its opponents, a balanced budget amendment would protect the sanctity of these programs, not result in massive funding cut backs.

Over 200 years ago, while we were still a British colony, professor Alexander Tytler wrote "A democracy cannot exist as a permanent form of Government. It can only exist until the voters discover they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury, with the result that a democracy always collapses over loose fiscal policy."

We can only pray that this is not the case. A vote for a real balanced budget amendment is a vote for the preservation of our democracy. Previous generations have sacrificed and struggled to assure that our democracy endured through the past 200 years. We owe it to them and to our grandchildren to continue this battle.

Vote for a real balanced budget amendment. Vote for the Kyl, the Barton and the Stenholm balanced budget amendments. The founding fathers and America's future fathers and mothers are demanding it.

Mr. GALLEGLY. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. I thank the gentleman for yielding time to me.

Mr. Chairman, I had not planned to debate this matter today, because of a hearing in the Committee on the Judiciary, until I heard the distinguished gentleman from South Carolina [Mr. RAVENEL] give his speech using the analogy of the straw that broke the camel's back. It was his speech that prompted my presence here.

When I return home to my district and visit with church groups, civic clubs, business meetings, meetings with working men and women who work hard for their money, I remind them that in my opinion, we in this country are now standing in the shadow of fiscal bankruptcy. I dislike disseminating seeds of fear, gloom and doom, but not unlike the gentleman from South Carolina, I believe we may well be in our final days, unless and

until we address the consistent problem that plagues us daily, and I refer to the reckless, imprudent practice that appears to dictate the manner in which money is spent in this House.

Mr. Chairman, I dislike rushing to the Constitution each time the urge to do so strikes me, but given the obvious absence of discipline in this body, I believe a balanced budget amendment is a necessary prerequisite if we are in fact serious about resolving the deficit problem. Our constituents must balance their checkbooks. We should apply no less standard to ourselves, as we go about the business of spending our constituents' tax moneys. A move in the right direction to this end, Mr. Chairman, is a vote for the balanced budget amendment.

Mr. WISE. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Colorado [Mr. SKAGGS], who has been very involved in this entire issue.

Mr. SKAGGS. I thank the gentleman for yielding time to me

Mr. Chairman, from time to time, under the duties and obligations the Constitution gives us, we revisit one of the abiding questions of this democracy, that is, whether the Constitution itself, a document conceived in another time and under fundamentally different circumstances, is still capable of doing the job it was intended to so.

The Federal deficit, which has more than quadrupled since 1980, continues to act as drag on the Nation's economy, compromising our efforts to deal with our fiscal problems and indenturing our children, and their children, for decades to come.

I'm deeply concerned—all of us are—about this problem. It has brought us to this point, where we consider exercising one of our most solemn powers, the power to amend the Constitution itself.

No attempt to amend the Constitution has succeeded in more than 20 years. The founders intended it to be a difficult process, so that it would also be a well-considered process. And rightly so. Put simply, we have to be absolutely certain, when we take the extraordinary step of an amendment to the Constitution, that the amendment would actually achieve its purpose. More than that, we need to be extraordinarily confident that any amendment not lead to unforeseen consequences that would make things even worse; confident that the remedy will really work.

While the intent of the Stenholm amendment deserves our praise, it fails this critical test in several respects.

Most troubling is that only a declaration of war, or a vote of three-fifths of the Members of the Senate and the House could suspend the provisions of the amendment. The requirement for a supermajority, particularly is a prescription for gridlock and failure. The whole point of balanced budget amendment is to prohibit deficit spending, but we all know that we're faced from time to time with situations that require extraordinary measures. During periods of recession, for example, it's the responsibility of the Federal Government to develop economic policy to counteract these inevitable downturns and to ease the harsher impacts of recession on the American people. In these situations, it's critical that we be able to act to help turn the economy around. But we have a bad enough record of achieving even simple majorities, much less three-fifths super-majorities, on matters like budgets and reconciliation packages. So I'm afraid that as a practical matter this amendment would act as a straitjacket in those times when action is needed most. We could well be stuck with a policy by default that would aggravate an economic downturn and turn some future recession into a depression.

This amendment contradicts our constitutional reliance on majority rule—which Madison rightly called the fundamental principle of free government. It's not difficult to imagine a worst case scenario. In the midst of a recession or some other national emergency, an attempt to raise the debt ceiling or raise additional revenue could be supported by strong majorities in both bodies, but be blocked by a minority of only 41 Senators, aligned by some particular regional interest or political ideology.

Imagine a situation in which a badly needed measure was blocked by the Senators of the 21 least populous States. Senators from States with fewer than 30 million people—less than 12 percent of the country—could effectively thwart the will of the remaining 88 percent. The amendment, in short, would give exaggerated power to small States, and would effectively give 41 Senators the power to hold the country hostage. Recent experience gives us plenty of evidence that there are those who are willing to do so.

We should also worry about enforcement. Were events to leave a budget in violation of the amendment, no enforcement mechanism exists to resolve the issue. Disputes would inevitably come before the Federal courts with their inherent power to enforce the Constitution. Here again we should foresee a result that is contrary to one of the fundamental purposes of the Constitution. We'd effectively give away one of our primary responsibilities as representatives of the people to a small group of unelected judges, who, for good reason, are not accountable to any constituency. Do we really want Federal judges making decisions about raising taxes or cutting spending?

In addition to these broader questions, this amendment also comes fraught with subtler, but no less troubling, problems of definition and workability.

We should ask ourselves, for example, if the provision, for deficit spending only after a declaration of war, makes sense. None of the national security crises we've encountered since World War II have involved an actual declaration of war. Given this recent experience, we ought to have the budget flexibility to deal with a future security crisis that stops short of declared war.

Then there's the question of estimates. The level of accuracy we've seen in revenue and spending estimates is rarely equal to the job of making budgets to which we must adhere, on penalty of judicial enforcement, during the course of a fiscal year. There are Members here who well remember 1981, when we started to dig this deficit hole in earnest. The first Reagan budget rosily forecast economic growth of 4.2 percent in the year ahead. The economy, apparently not in a mood to obey the President, proceeded to decline by 1.9 percent.

The relevant lesson is that when we make projections, often 18 months or more into the future, our actions are based on economic models that are not perfect. And a lot can happen in the space of only 18 months to overtake the best projections. Given the difficulty inherent in achieving a supermajority to allow us to act correctively, this amendment could well leave us stranded.

And, finally, we should remember to take into account the critical distinction between operating and capital expenditures, as this amendment does not. Balancing an operating budget makes sense, and States are statutorily required to do it. The more difficult issue is investment: something that all States, municipalities, and individuals do regularly when they build a bridge or buy a house. By effectively prohibiting borrowing for investment on the Federal level, we'd force a wholesale shift in investment responsibility to the States and localities. We regularly borrow from future revenues to invest in future well-being, but this amendment would blind us to the needs of the next year, much less the next decade.

Ultimately, the irony of this discussion is that it comes at a moment when, after a dozen years of profligate spending, we're finally moving in the right economic direction. Over the past year, Congress, led by the President, has finally achieved a level of fiscal discipline it hasn't seen in a long time. We've approved a hard freeze on discretionary spending. We've reduced the rate of increase in most entitlements, and actually cut some. We've joined the battle to find a way to lower health care costs. It would truly be a shame if, at this promising moment, we were to wave the rhetorical wand, pass this amendment, and allow ourselves to believe that we've won the battle, only

awaiting State ratification of that amendment. Rather, there can be no letup in the hard work needed to produce sensible budgets over the next several years.

In the end, we should be mindful that when we amend the Constitution, history will judge our actions with an especially critical eye. The Constitution grants primary responsibility for the budget to Congress for a reason: The decisions we make ultimately reflect the needs and preferences of the people we represent. The progress we're finally making is proof of the ability of this body, at its best, to discharge its responsibilities. We must continue and strengthen the discipline recently shown here. That is the best way for us to honor both our fiscal responsibility and our obligation to preserve and protect the Constitution.

□ 1720

Mr. GALLEGLY. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. STEARNS].

Mr. STEARNS. Mr. Chairman, I rise in support of the Kyl substitute, House Joint Resolution 103.

Mr. Chairman, millions of American families abide by the simple rule that you don't spend what you don't have, but today we are being told that Congress somehow knows better. You can spend more than you have; you don't have to watch your wallet—especially if you're spending someone else's money.

In 1776, our country was founded. Providentially, that same year, a great book was published entitled "Wealth of Nations" by Adam Smith.

Adam Smith once wrote that "what is prudence in the conduct of every private family can scarce be folly in that of a great kingdom."

My colleagues: our national debt currently exceeds $4.3 trillion—that's $17,495 for every man, woman, and child in the United States. Under current policies, future generations are projected to face a lifetime net tax rate of 82 percent in order to pay the bills that we are leaving them.

In 1993, gross interest payments equaled $293 billion. This is greater than the total outlays of the entire Federal Government in 1974. Make no mistake, if we don't require some fiscal discipline we will, we are sowing our children's fiscal future to the wind.

Mr. Chairman, the Kyl substitute requires a balanced budget, limits Federal spending to 19 percent of GNP, and provides a real line-item veto for the President. This is simple commonsense approach to the debt and deficit. It encourages economic growth and responsible Federal expenditures. Maybe that's why the National Taxpayers Union, Citizens for Sound Economy, Citizens Against Government Waste, and Americans for Tax Reform have all endorsed the Kyl substitute.

I urge my colleagues to examine and vote for this proposal.

Mr. GALLEGLY. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. BUYER].

Mr. BUYER. Mr. Chairman, during this time of year, as Hoosier and other American families are setting down to prepare their taxes, they wonder why Congress is incapable of balancing the country's budget. After all, common sense dictates that if they have to live within their own budgets, so should the Government.

Since 1969, Congress has failed to balance its spending with its revenues—and the solution has always been to increase taxes on hard-working families or to raise their burden of debt. Unfortunately, with more revenues, Congress has simply increased spending and neglected its fiscal duty. As history has proven, Congress cannot limit its spending practices and Government continues to grow.

As the Federal debt continues to rise out of control, above $4.3 trillion, it is obvious that America's long-term fiscal woes can only be solved with the enactment of a strong balanced budget constitutional amendment. Such an amendment would provide necessary protection to the American people from the continuing fiscal abuses of big government. The expansion of our Government and its intrusion into the daily lives of the American people has resulted in the frequent levying of more and more taxes to pay for Congress' inability to curtail Federal spending. After witnessing the budget resolution vote last week, this year is no exception to the disreputable policy of keeping hard-working Americans burdened with oppressive taxes.

The Stenholm-Smith balanced budget amendment imposes the fiscal responsibility that Congress has forgotten. The amendment compels Congress and the President with constitutional authority to only spend an amount not exceeding revenues. Deficit spending could only occur with the approval of a three-fifths majority vote of both the House and the Senate in time of national emergency and economic distress. Additionally, the amendment requires the reduction of existing Federal debt but does not sacrifice the security of our senior citizens or our national security.

Some opponents of the amendment have spread the myth that a balanced budget amendment would threaten the existence of Social Security and Medicare. The amendment would not force automatic across-the-board cuts in Social Security or any other program. Current statutory protection would not be changed or reduced. Social Security has a long history of special budgetary protection which will not be compromised because the trust fund would still be maintained as separate from general funds. It won't threaten the security of our senior citizens.

Critics also claim that a constitutional mandate is unnecessary, but they ignore the simple fact that all less substantial measures have failed—and failed miserably. Deficit spending must only be used for short-term national emergencies such as war or substantial economic decline. Deficits must be paid, and paid promptly. Over 200 years ago, Thomas Jefferson stated,

> The question of whether one generation has the right to bind another by the deficit it imposes is a question of such fundamental importance as to place it among the fundamental principles of the government. We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves * * *.

Congress has lost its political morality. Authors of the Constitution did not add fiscal constraints because they had such a strong moral sense that you do not saddle future generations with debt incurred by the present generation.

You do not pull out a credit card and use it to buy a television, clothes, car, and a vacation to Hawaii and then give the bill to your children and grandchildren. You only have to look into the face of a child to understand why we must pass a balanced budget amendment.

We now have the opportunity to take a giant step toward compelling Congress to fulfill its obligation to fiscal responsibility and limit the size of our expanding Government. I urge my fellow Members to not let this moment escape us. Protect our children and our children's children from the burden of debt. The balanced budget amendment will give freedom to our children, rather than shackles of debt.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado [Mr. SCHAEFER].

Mr. SCHAEFER. Mr. Chairman, today, I rise in support of a balanced-budget amendment to the U.S. Constitution. For far too long, deficit reduction has been ignored by Congress, but we now have the opportunity to vote on several different amendments which will truly mandate that Congress balance its books.

The long-term health of the Nation demands a balanced-budget amendment. Congress has shown time and again that it is prepared to waive any inconvenient statutory spending limit that it has imposed upon itself.

Two decades of failed attempts to balance the Federal budget has resulted in nothing but gimmicks, deceptions, and ever-higher deficits. Just look at how well these past restraints have worked: The national debt currently exceeds $4.6 trillion. That means that every man, woman, and child in the United States owes over $17,000 because of the extravagant spending habits of this institution. Clearly, if we ever hope to balance the budget, Congress needs the additional weight of the Constitution bearing upon it.

Many skeptics claim that we can't balance the budget without decimating Social Security and other important Government programs. I am here today to tell you, the skeptics are simply wrong. Congressman PENNY and I have proven that, with our introduction of H.R. 3958, the Fiscal Responsibility of 1994.

This bill, which is a comprehensive set of specific budget cuts totalling $550 billion, will bring the Nation within striking distance of a balanced budget, without raising taxes and without decimating Social Security. So before reacting to the alarmists' claims about the draconian impact of a balanced-budget amendment, I recommend that my colleagues take a close look at the Fiscal Responsibility Act.

The Schaefer-Penny bill shows that the budget can be balanced. Congress, however, has to have the political fortitude to do it. Unfortunately, only an amendment to the Constitution will enforce that discipline. I encourage my colleagues to return some fiscal sanity to this institution by voting for a balanced-budget amendment.

Mr. STENHOLM. Mr. Chairman, I yield 3½ minutes to the gentleman from Texas [Mr. EDWARDS].

Mr. EDWARDS of Texas. Mr. Chairman, I rise in strong support of the Stenholm balanced-budget amendment.

I would like to specifically address four of the key arguments I have heard today used against this amendment.

First, the opponents say we have to have the ability to spend and to have deficits and recessions. They are basically referring to the philosophy of that economist, John Maynard Keynes. The problem is the opponents to the balanced-budget amendment forget the other half of what Mr. Keynes had to say.

□ 1730

And that is in good times we are supposed to not have a deficit, you are supposed to have a surplus in the budget. They want to have their cake and they want to be able to eat it too. They want to have deficits and recessions, but they do not want to have to make the choices necessary to have a balanced budget or surpluses in good times. You cannot have it both ways.

The second argument the opponents to a balanced budget amendment make today is that all we have to do is make tough decisions. Well, they have been saying that for 25 years. For a quarter of a century people have been coming down to this well and telling the people of America. "All we have to do is make tough decisions to balance the budget." It has not happened. That is the reality, not the theory.

Why has it not happened? I do not think it is because everybody in this body wants to have a deficit or to spend our children's money. I think it is a flaw in the process. If you are from an urban area, it is easy to vote to cut agricultural programs; if you are from a rural area, it is easy to cut mass transit in urban areas; if you are from the Southwest, it is easy to vote against Amtrak subsidies; if you are from the Northeast, it is easy to vote against the super collider and the space station in Texas. And then all of these people can go home and in good faith say, "I voted to reduce the deficit."

The reality is, and it has been reality for a quarter of a century, that the process is not working. It is time for us to recognize that and to change it.

The third argument that the opponents to the balanced budget amendment offer today is that it is a gimmick. I find that interesting because they say it is a gimmick on the one hand and yet it is going to devastate social security and other critical programs on the other. Once again they are trying to have it both ways.

But I think people can see through that.

People said another thing was a gimmick—the base closing process this Congress set up a few years ago. They said, "Don't change the process. Make policy choices." And yet year after year bases were kept open that should not have been kept open. That added to our deficit and hurt our national defense.

We changed that process on closing military bases, and it has worked. We closed bases in the districts of key and powerful congressional Members' districts that never would have been closed had we not changed the process.

The point is this: The best way to drive good policy is to change our process. And by changing the process, by building fiscal discipline into this fiscal process of Congress, we will have better decisions and we will not mortgage our grandchildren's future away.

Finally, Mr. Chairman, they say this should not be in the Constitution. I would agree, but we have been left with no other alternative.

I think what we are really talking about here today and why it is important enough to put in our Constitution is that we are talking about the property rights of our children and our grandchildren, and property rights are a key fundamental right in this country, built into the very heart and soul of our Constitution. It is not right for us to, year after year after year, take our children's and grandchildren's money, spend it today for the policies that we will enjoy that they will have to pay for.

I strongly urge support of the real balanced budget amendment today, the Stenholm balanced budget amendment proposal.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. KYL].

Mr. KYL. I thank the gentleman for yielding this time to me.

So far today in this debate I have spoken in support of three of the amendments.

In about an hour or so, I guess I will be proposing the first of the amendments that we will be voting on, that we will be voting on tonight, my balanced budget amendment spending limits proposal.

I have been suggesting to our colleagues that we should be supporting three of the four amendments, the Kyl amendment, the Barton-Tauzin amendment, and the Stenholm-Smith amendment.

I would now like to talk just a little bit about the Wise and other amendments, which I think should be opposed. There are three basic loopholes in this bill which I think we should be very, very careful about. The first of these was just spoken about by the gentleman from Texas, the idea that during recession times or negative growth periods we would be able to override—not override, but automatically the provision would not apply.

According to my calculations, that would mean that we would have had unbalanced budgets for 17 of the last 38 years. Now, if that is true, Mr. Chairman, that means that almost half of the time we would not have a balanced budget. We are not talking here about an override, it is an automatic provision.

So, the first loophole would provide for about half of the time not having a balanced budget at all.

I am curious as to why it would be necessary to have this provision in the first place. I think we have gotten away from the idea of Keynesian economics, as the gentleman pointed out. It is unclear why this automatic provision would need to exempt us from the balanced budget requirement during periods of negative economic growth.

In any case, that is one of the loopholes.

The second loophole discussed here is the social security program. I will only say, with respect to that, that by statute we could define other things as falling within this exception. And therefore, I think that represents a second important loophole.

The third loophole, and this is really a big one, is the idea of capital budgeting. I understand our colleagues' concern about capital budgets with reference to the States. But I think that by not further defining this, they have really made it impossible. Let me get right into the language here. The idea of a capital budget is to protect investments with long-term economic return, to quote from the amendment directly.

But the Clinton budget this year specifically has an entire section entitled "Investing for Productivity and Prosperity," setting priorities under budget discipline. Among the items discussed in that section on investments are insuring that children start off healthy

and are prepared to enter school and receive good parenting; specific programs including WIC, Head Start, child immunization. Among other items are: improving education, training disadvantages, and retraining workers, and a whole series of other things.

Mr. Chairman, these things are all important, but I think it points out the fact that under the rubric of investing for long-term economic gain, we could write just about anything we want to under the capital budget requirements and thereby create a third, very, very large loophole.

For these and other reasons, I would suggest to my colleagues that they oppose the Wise and others amendment and support the other three amendments when we have an opportunity to vote on them.

Mr. WISE. I yield myself 2 minutes to respond to the gentleman from Arizona. I am delighted, I guess, to be singled out.

But let me quickly respond. First, his first point on the recession waiver: The gentleman regrettably has not read fully the text of our amendment, because what it says is that you can waive the provisions of the balanced budget amendment in only two circumstances, and only two; one of which is in case of military conflict, the second in case of recession, defined as two quarters of negative growth. Then it requires a majority vote. There is no automatic waiver.

I might add, it is my impression reading the other amendments, certainly the Stenholm amendment and, I believe, the gentleman from Arizona's as well, that you can waive the provisions of the Balanced Budget Act at any time with 60 percent of the vote, a supermajority. We say you can waive it for only two circumstances.

In terms of the Keynesian economics—I never have pronounced that very well—in terms of Keynesian economics, the reality of the situation is that recession is when administrations, Republican and Democrat, recognize they need to do some increased spending to get the economy moving.

The Reagan administration did not use traditional public works programs, although a small bill did pass the House. It used defense spending, but used it in a very Keynesian way.

So, I would say that you do want the ability to respond to any recession.

Social Security: I issue my challenge again to the gentleman from Arizona, if you do not think Social Security is affected under your amendment, the Kyl amendment, or the Stenholm or the Barton, then take it off budget as we do and be honest with people and say we are going to guarantee that it is not going to be affected.

Nobody is going to lose additional programs.

Can you imagine the outcry that would happen?

Finally, in terms of capital budgeting, we are accused of not defining capital budgeting as being too rigorous in the Constitution; and yet if we try to define what capital budgeting is, we would be accused of being too detailed. I think it is much better left to a commission that reports back and Congress will write that definition. But I would point to the language in our amendment that says capital budget must apply only to long-term economic return.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentlewoman from California [Ms. HARMAN].

Ms. HARMAN. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise to support the Stenholm and Wise balanced budget amendments.

It has become a cliche to say that there is no easy way to arrest our deficit problem. We've learned that reducing our borrowing levels is about making tough, unpopular choices. Passing last year's deficit reduction package—which has had dramatic effects—was a hard choice. Including the deficit reduction trust fund, which insured that all the net savings from the budget plan went to deficit reduction, was another hard choice. Voting for the imperfect yet necessary Penny-Kasich amendment, which would have made an additional $90 billion in spending cuts, was, for many of us, a very tough choice.

This debate confronts us again with imperfect options, and, again, I urge my colleagues to make the choice toward further deficit reduction.

There is nothing that focuses attention like a hangman's noose. Though the balanced budget amendment is not the perfect solution to our problem, it does focus our attention to the highest degree. Constitutional prohibitions against deficit spending will compel the Congress to make the hard choices, even when the debate focuses, as it inevitably must, on political untouchables like entitlements and subsidies.

Although I respect the work of Representatives KYL and BARTON on their constitutional amendments, I am worried about burdening the Constitution with the unprecedented economic measurements that their amendments include. The Kyl amendment would impose new constitutional-level requirements integrated with the calculation of gross national product and the scoring of "items of spending authority," while the Barton amendment requires the Constitution to govern the raising of revenues at a "rate faster than the rate of increase in national income." Amending the U.S. Constitution should be done with extreme care, and only in ways that minimize legal entanglements down the road. Going too far with injecting economic calculations into the Constitution is unprecedented and risks political crisis, as every such calculation is political in nature. We need a framework that forces us to make decisions, not one that makes too many of them for us.

Voters in my home state of California chose a balanced budget amendment to its constitution that excludes long term investments like bond issues for school, highway, and prison construction. No one doubts, however, that the California requirement dictates tough choices that have led to drastic cuts in spending to erase the State's deficit. We can and must do the same at the Federal level.

Even though it is unlikely that we will be able to send a balanced budget amendment to the States this year, I believe that consideration of these several options by this House is a positive step. We must work harder to make the hard choices to cut spending, and to design a mechanism to force us to do so if the political will cannot be found.

□ 1740

Mr. GALLEGLY. Mr. Chairman, I yield 1 minute to the gentleman from Arizona [Mr. KYL].

Mr. KYL. Mr. Chairman, I wanted to respond to both my colleague from West Virginia and my colleague from California.

The gentleman from West Virginia is correct that it is not technically automatic that in periods of negative economic growth the amendment would have no effect. Congress would have to waive that, but it could be done by majority vote. The practical effect, I think, is the same as has been demonstrated by our waiver of Gramm-Rudman, the Budget Act and other laws in the past.

With respect to the comment by our colleague from California that we need an amendment under which we can make decisions rather than provisions that make them for us, it seems to me that, while that may be true in the abstract, it has been demonstrated that Congress has not been able to make the decisions without the encouragement, shall we say, of a requirement that it do so, and that is why I think we have to set an upper limit, such as my proposal does, and then prioritize within that upper limit. If instead, as under the Wise amendment, we have terms such as investments with long-term economic return, we are going to get into defining that by statute as job training, education, Head Start, lots of other things which simply expand the loophole to the point that the constitutional provision does not mean anything in the first place.

So, that is why I think my proposal meets the test better and that we still should oppose the Wise amendment.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia [Mr. GOODLATTE].

Mr. GOODLATTE. Mr. Chairman, in the past Congress passed provisions to

set up firewalls between discretionary and entitlement spending in attempts to balance the budget. It did not work. Then we tried pay-as-you-go provisions. They did not work. Just last week we had a chance to approve a budget that would have balanced the budget in 5 years. We did not pass it. When are we going to face the reality that we need something more than empty promises, we need a balanced budget amendment to our Constitution.

Obviously, the current budget process has failed to bring the deficit under control. We can no longer tolerate the practice of freely granting exceptions to budget rules in order to accommodate funding demands. We must respond to the call to cease runaway spending and begin the kind of reform that the balanced budget amendment dictates.

Lawmakers know full well that chronic deficits threaten the Nation's long-term prosperity. Unfortunately some believe that their short-term interest lies in spending more and more on the demands of various special interests. Still others know that we can't keep demanding American families to spend more and more in higher taxes. Therefore deficit spending provides an easy way out. The balanced budget amendment forces lawmakers to do the right thing instead of the easy thing.

The Stenholm-Smith amendment injects much needed accountability into the appropriations process by establishing procedures that will force each and every Member of Congress to put his or her name on the line in order to initiate deficit spending.

Some may argue that we do not need to amend the Constitution. After all, they claim the Constitution did not get us in this problem, changing it certainly won't solve it. But we have tried to regulate ourselves with every type of House rule change that we could dream up. None of them have worked. Congress has shown time after time that it is unwilling and unable to balance the budget on its own accord.

Others may try to take accounts that fund pork projects for their district off-budget. We increase the deficit every time we spend money we do not have, regardless if it is accounted for in the budget or not.

For my colleagues who have an insatiable thirst for spending I say lets erase our deficit and in doing so, stop increasing the billions of dollars we are spending every year to finance the deficit. If we are to preserve our Nation's good credit, the ability to provide for the common defense, promote the general welfare, and save for our children and grandchildren the opportunities to enjoy the blessings that this great land has bestowed upon our generation, we need a balanced budget amendment added to our Constitution. I strongly urge my colleagues to vote for the Stenholm-Smith balanced budget amendment.

Mr. GALLEGLY. Mr. Chairman, I yield 5½ minutes to the gentleman from Texas [Mr. BARTON].

Mr. BARTON of Texas. Mr. Chairman, it has been a long debate today on the balanced budget amendment in general. There has been some debate about the specific alternatives that are going to be considered later this evening and tomorrow. I have listened to the debate over the television in my office when I was not in committee, and I think there are several points that have not yet been totally highlighted.

First, when the Constitution was propounded in the late 1700's, Mr. Chairman, the Founding Fathers were very specific in what spending was allowed for. My recollection is that in the Constitution itself there are only 18 items that are specifically enumerated that money can be spent for. I say to my colleagues:

> If you look at the history of government at the Federal level, you see that for the first 150 to 175 years there were many, many items that the Federal Government spent no money for. Education would be an example of that. Public health would be an example of that. With the beginning of the New Deal in the 1930's, continuing on into the present era, the Federal Government began to expand its role. Well, one can argue that there may not have been a need for a constitutional amendment for the first 150 years because Congresses and Presidents were very specific in what hey were willing to spend Federal dollars for.

Mr. Chairman, as late as the 1950's, when the Interstate Highway Act was passed, it was labeled the Defense Highway Act because defense was something that was enumerated specifically in the Constitution that money could be spent for at the Federal level. Well, as we all know today, that enumeration, that limitation on what Federal dollars can be spent for, has been totally erased, and Federal dollars, for all intents and purposes, can be spent for anything. So, for that reason there is every reason to amend the Constitution to in some way try to limit Federal spending; in other words, to require a balanced budget.

□ 1750

Both the Stenholm-Smith amendment, the Kyl amendment, and the Barton-Tauzin amendment, all three of those, we attempt to do that in a very straightforward and serious way.

There are differences in the amendments. The Kyl amendment says there should be a spending limitation as a percentage of GNP. The gentleman from Arizona [Mr. KYL] supports that amendment because it is in effect in his home State of Arizona at the State level and has been effective in limiting spending at the State level.

I have chosen to say we should try to limit the ability to raise taxes by the requirement of a 60-percent vote to raise taxes. My amendment does not make it impossible to raise taxes. It allows that taxes could be raised no higher than the rate of growth in GNP the year before, and if you want to go higher than that, you have to have the 60 percent vote. We also require the 60 percent vote to increase the national debt ceiling.

These supermajority votes are required quite simply because the specific enumerations of what funds can be spent for at the Federal level have been broken down. We can spend money at the Federal level for anything. I can give you horror story after horror story about what that spending has occurred for.

In terms of tax limitations, as I said earlier this afternoon, tax limitations provisions in constitutions at the State levels work. On average those states that have some sort of super-majority requirement for tax limitations have a tax burden that is 2 percent less than States that do not have such a supermajority. In fact, in States that have no kind of limitation on tax increases, their tax burden as a percent of State GNP has gone up about 2 percent. That is a total of a 4-percent gap.

So in the debate tomorrow on the Barton-Tauzin amendment, I will bring that out in much more detail. Suffice it to say, we need to balance the Federal budget, we need to pass an amendment to the Constitution in order to mandate that, and I hope that we decide collectively that we need to do it by limiting taxes.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Chairman, as an original cosponsor of House Joint Resolution 103, I rise in very strong support for the constitutional amendment to balance the budget proposed by my colleague, the gentleman from the great State of Texas [Mr. STENHOLM], a true cost cutter.

I have had the opportunity since I have been a Member of Congress twice to vote on the balanced budget amendment. We lost the first time by seven votes in the U.S. House of Representatives. We lost the second time by nine votes. And I hope everyone, as these campaigns get hot this summer and if we fail by a few votes, which I hope we will not, will ask every candidate running for public office, where do you stand on the balanced budget amendment?

The U.S. Senate just voted on it recently. We lost by four votes there. So we are very, very close. And I assure the American people that the gentleman from Texas [Mr. STENHOLM] and myself, and other colleagues in the U.S. House of Representatives, are not going to let this issue die. We are going to keep it alive Congress after Congress until it becomes a reality.

Mr. Chairman, many Members will come to the floor to say that this amendment is not needed. Sure, we have done a pretty good job the last several years. We have brought down the budget deficits. We were running budget deficits as high as $400 billion. Now we are bringing them to the level of $200 billion. But $200 billion is still an awful lot of money, and it still does not do what we want done in this country, to revitalize this economy and bring about a strong economy where people have good jobs and better paying jobs. As long as we are being strangled by these budget deficits, it causes us great pain. We can do something about it by working together.

I know recently I have gotten hundreds of letters, thousands of letters since I have been here, from senior citizens and others, talking about the Social Security system and why we are borrowing against it and what that is doing for us for the future.

I get calls and letters from young people that want a future, and yet they feel like we are mortgaging our future, and we are doing just that.

Mr. Chairman, let us stand up and be counted. Every one of us knows that every Member of Congress has a different laundry list of where to cut costs. Unfortunately, all of our laundry lists are different. Therefore, we do not cut anything.

This is the time to stand up and be counted, and let us stand by the gentleman from Texas [Mr. STENHOLM], and this balanced budget amendment, and let us pass it this time.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. KINGSTON].

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

Mr. Chairman, I just want to make a few comments as one of the authors of several of the different balanced budget amendments proposals. One of the things I get an opportunity to do in the First Congressional District of Georgia is speak to a lot of school groups. I often ask children in the fifth grade classes, how many of you are on an allowance? Most of them raise their hands.

I say what do you make, $2, $3 a week, and so forth. And I say look let me just pick on you. And I usually pick on one little boy or girl in the class, and I say if you make a dollar a week, how much do you spend? They say 75 cents, maybe 80 cents. If it is Christmas, I might spend the whole dollar.

Then I ask these 10-year-olds, how many of you ever spend more than you get for your allowance? They look at me, and I have completely lost them with that sentence. And I say if you make a dollar a week, do you ever spend a $1.05, $1.25, or $1.30? They say Mr. Congressman, we don't know what you are talking about. And I say, I just want to say, sadly, that is what has been going on in the U.S. Congress since 1969 when we had our last balanced budget. And I point out to them while there is a lot of partisan politics in Congress, this is not a problem that you can blame on the Republicans, the Democrats, the President, the other body. This is a problem that is a bipartisan problem, and we have to resolve it in a bipartisan fashion.

One of the interesting things that I learned as a new Member of Congress is that in 1980, the revenues of Congress were $517 billion. By 1990, the revenues were over $1 trillion. Yet during that same period of time, our expenditures outpaced revenues. So rather than freezing or slowing down the rate of new expenses, we allowed it to stay way out in front of the revenues. So we continued deficit spending. And now we have I think on February 9, a $4.5 trillion debt. Again, during that period of time you had Democrats and Republicans in charge of various bodies in the executive branch and so forth. So it is a bipartisan problem.

Let me say this: I served in the Georgia General Assembly for 8 years. We always balanced our budget. In my congressional district, or the one I represent, it is certainly not mine, there are 22 counties. Every one of them has a balanced budget. All the cities, and I have about 35 municipalities, every one of them has a balanced budget. We need to operate on the same constraints. Because if it is good enough for Hometown, U.S.A. it is certainly good enough for Washington, DC.

For further reading I would certainly recommend "The Coming Economic Earthquake" by Lloyd Burkett, or "Bankruptcy 1995" by Harry Figgie, because it will keep you up at night. This is a huge problem. We have got to get the debt under control and we have to start with the deficit in order to do that.

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. MICA].

Mr. MICA. Mr. Chairman, I want to take this opportunity to thank my colleagues, Mr. SMITH and Mr. STENHOLM and others who have had the courage and provide the leadership on this most important issue.

As the freshmen Republican coordinator of Stenholm-Smith balanced budget amendment, I want to thank every new Republican Member, all of whom support this amendment.

Balancing our national budget by enacting a constitutional amendment is the most critical issue to come before the 103d Congress.

As a new Member, I have been shocked and appalled at the reckless manner in which taxpayers' hard-earned dollars are spent here.

After only 1 year in these halls, I am convinced more than ever that we must pass a balanced budget amendment.

Every legislative attempt to curtail Federal spending has failed. If the people really knew how their money was being spent they would charge up the Capitol steps and drag out the guilty parties.

Unfortunately, the average citizen and taxpayer is so busy paying the bill, complying with Government regulations, and trying to keep afloat, they have not taken measures into their own hands.

But, I remind my colleagues, they have sent us here to make sense of the mess Congress has created. Do not believe those who attempt to scare people by saying that a balanced budget will hurt this or that special interest group.

This amendment will not hurt anyone today. This amendment will not hurt anyone tomorrow. What this amendment will do is secure the future financial stability of our country.

Here is a copy of our Constitution. It starts off by saying that the primary purpose of bringing our States together was to provide for the common defense.

Mr. Chairman, in the not too distant future we will be paying more for interest payments on the national debt than we pay for national security.

Because of the reckless spending here, because of the lack of fiscal constraint, we have no other course but to amend this rarely altered document.

Nearly every State operates under a balanced budget provision. Almost every city, local government and school board work under strict spending constraints.

There is no valid reason why our national Government should operate without reasonable limits on spending.

Quite frankly, my colleagues, the question before us goes right to the heart of whether or not a Republican form of government and democracy can survive.

Have we created a Congress that will vote such largess that it will eventually bankrupt our country? Have the beneficiary's of Government programs so outnumbered the taxpayers that there is no hope for the future? Will we spend this great Nation into oblivion?

Today we have one chance to change the course of our own history. I ask you to join me in support of the balanced budget amendment.

□ 1800

Mr. GALLEGLY. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. BACHUS].

Mr. BACHUS of Alabama. Mr. Chairman, as an original cosponsor of House Joint Resolution 103, I compliment the distinguished gentleman from Texas [Mr. STENHOLM] for his tireless efforts to bring our fiscal house in order by proposing this much-needed legislation.

Mr. Chairman, it is simply unconscionable that we would continue to heap debt on our children and grandchildren, billions of dollars each day. These children have no recourse. They

have no voice in this debt. This child abuse must end.

As elected Representatives of the people, we should have the courage and the foresight to make the tough decisions other Americans make every day. Regrettably, Congress has chosen a different course, continuing to spend and spend and spend and spend without making the necessary cuts to bring the Nation's budget in balance.

Every day, families across this great Nation balance their household budgets, and every year 48 of our Governors balance their State budgets. They are following a simple, commonsense principle. We should not spend more money then we take in.

They do it for our children, their children. If this Congress had this same discipline, this discipline that the American people must demonstrate each day, we would not be debating this issue today. But it is this very lack of discipline on the part of this body in the past to exercise fiscal responsibility which brings me to the well today.

Mr. Chairman, deficit spending must stop. A balanced budget amendment to our Constitution will compel Congress to demonstrate fiscal responsibility for a change.

The American people want action now. As their Representatives, we must not miss this historic opportunity to act. I urge my colleagues to pass the balanced budget amendment.

Mr. GALLEGLY. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the greatest threat to our Nation's long-term economic well-being is the rapidly increasing Federal debt, which has reached over $4 trillion. The interest payments on that debt now consume nearly 15 percent of the Federal budget. If we maintain the spending status quo, the interest on the national debt will become the largest Federal expenditure in the budget where interest payments will crowd out all other Federal programs including Medicare, Social Security, and other vital programs.

This is precisely why this House must vote in favor of the balanced budget amendment so we can eliminate this drain on our budget. A balanced budget amendment that will finally limit excessive Government spending is necessary to force Congress to begin to set spending priorities instead of just pushing the current debt on to future generations of Americans. As history demonstrates, statutory approaches just have not worked. The balanced budget amendment provides the necessary flexibility to deal with national emergencies. We must enact the balanced budget amendment to stop outrageous Federal spending patterns and, more importantly, to stop mortgaging our children's futures.

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

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I thank the gentleman for yielding time to me.

I simply want to add my words of support for the Stenholm version of the balanced budget amendment. During the next number of hours, we will debate several alternatives. I believe the Stenholm approach is the one that should be commended to this Congress and to the country.

Clearly, we need to change the rules here at the national level. Presently, there is no expectation that a budget should ever be balanced. That is one of the reasons that we seldom see presented to the Congress any proposals that seriously address the deficit issue.

We did, however, have one opportunity last week: a budget alternative presented by the gentleman from New York [Mr. SOLOMON] would have challenged us to cut upwards of $660 billion over the next 5 years in order to attain a balanced budget by the time this constitutional amendment, if passed, would take effect.

Sadly, far too few legislators chose to cast their votes in support of a real balanced budget initiative.

Nonetheless, today we are called upon to vote for a policy change and to place this basic budgeting principle right in the Constitution of our land.

It is my hope that in the future, if this amendment is adopted, that we will no longer debate whether we should balance the budget but, rather, how we ought to go about balancing the Nation's budget.

This is an amendment that has been around in various forms in the past. Every time we bring it to a vote we do better. It is my hope that this vote will be the charm that will secure the two-thirds necessary and that we will present to the country a new policy to govern our work here in Washington, a policy that says that balanced budgets are the order of the day, not the exception to the rule.

□ 1810

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

Mr. WISE. Mr. Chairman, I would inquire of the Chair how much time I have remaining.

The CHAIRMAN. The gentleman from West Virginia [Mr. WISE] has 7 minutes remaining.

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

Mr. Chairman, I want to thank both the gentleman from California [Mr. GALLEGLY], the gentleman from Oregon [Mr. SMITH], who preceded him in yielding time, as well as, certainly, the gentleman from Texas [Mr. STENHOLM], who has permitted us a fair debate today, who structured this rule, brought it to the floor, and structured this debate. I think it has been a very important debate, and I think that we are going to probably see it even pick up in intensity as we move into the individual amendments, but to the gentleman from Texas [Mr. STENHOLM] particularly, I want to commend him for the way he has handled this and brought this matter to the floor.

Mr. Chairman, I rise in opposition to the so-called Stenholm amendment and in favor of the so-called Wise-Pomeroy-Price-Furse, and others who have cosponsored it, balanced budget amendment. We are going to say if you are going to put an amendment into the Constitution of the United States, it ought to have certain provisions.

There has been eloquent testimony here tonight about our children and our grandchildren and passing on debt. Certainly that is something we are all very, very cognizant of, the need to give them every opportunity to be unencumbered, or as unencumbered as possible. However, while we have been talking about wanting to avoid passing on debt, I think it is important as well to talk about passing on opportunity, passing on those opportunities for a full life that can only come because their parents and their grandparents made certain decisions, made certain investments, put this country on a path that it could grow on instead of contract.

Mr. Chairman, I would just like to say, in the likening of the family budget, or the comparison, actually, of the family budget and the Federal budget, I think it is important to note, how would you like going to talk to a family and saying, "You want a balanced budget, don't you?"

The family would say, "Of course we do. We sit down every month and we work out our costs. We have a budget. We know how much we can spend."

"Good. Do you know that you will have to pay for your house all in one payment, all in 1 year? You won't be able to get a mortgage for 20 to 30 years."

"Oh?"

"Do you know that the car, the $10,000 or $15,000 automobile that you need to get to and from work, to take the children to school, do you know that you are going to have to pay for that in 1 year, you are going to have to put cash down totally?"

"Oh?"

"Do you know that the education that you want to get for your child, to send that child to college so their income, according to most statistics, will probably be double to triple that of the child who does not finish high school, do you know that you are going to have to pay for all that tuition in 1 year, actually in probably one payment?"

They would say, "Oh?"

That is what you are asking the Federal budget to do if you do not have capital budgeting. I think most fami-

lies would say, "We want responsible budgeting, but we also want the Federal Government to be able to invest in those things that are important."

Just as in families, we finance those long-term investments that are crucial to the growth and development of the family, so it is reasonable to expect the Federal Government to. What is not reasonable to expect the Federal Government to do is to run up so much debt, particularly in areas that do not produce long-term economic return.

What the so-called Wise-Price-Pomeroy-Furse amendment does is to say that the debt service will be part of the operating income, and so indeed it will come under the balanced budget provisions.

Most States, every State, to my knowledge, require a balanced budget, but also have capital investments. Everyone who stood on the floor tonight is from a State that has capital budgeting in some regard, and yet the Federal Government does not. Every business knows that it has to make investments, but chooses to spread the cost of that investment out over the life of the asset.

How would it go if a factory could not borrow for growth, but instead had to pay for that piece of vital equipment that increases productivity manyfold, and yet would have to pay for it up front? The reality is many factories could not.

I implore this body, as it is drafting a constitutional amendment, not to put the Federal budget into a fiscal straitjacket, but to recognize the important role of capital budgeting.

I think it is important to point out that our amendment, our alternative, is the only one that does two things, the only one that takes Social Security off budget. I have heard a lot of discussion tonight about, and happen to agree that most Members here, I do not know if any Member here would vote for cuts in Social Security. But if that is the case, then why the harm, why the bother in taking Social Security off budget, as many Members have said they thought ought to be done, and providing senior citizens that security of knowing that it is secure?

We are the only amendment that does that. We are the only amendment that provides for capital budgeting. Many colleagues have told me they like the idea of capital budgeting, perhaps it is something that ought to be done in legislation. My concern is that if any of the other amendments pass, we will not be able to do capital budgeting in subsequent legislation. Here is a chance now to put it into place, particularly in the Constitution of the United States.

Mr. Chairman, I would urge my colleagues that here, with the Wise-Price-Pomeroy-Furse amendment, the alternative amendment, that you have an opportunity to guarantee to senior citizens the security of Social Security by taking it off budget. You have an opportunity to stop passing on debt. We have exactly the same limitations, exactly the same effective date as the so-called Stenholm amendment and the other amendments, the year 2001.

Finally, you have the opportunity to pass on to your children something positive. You have the opportunity to pass on the recognition that investments in their future are going to be considered and given a priority status, and that will not be discouraged by the language in the Constitution or in other legislation that would preclude those types of investments. We want to encourage investing, we want to encourage those things that make us better, we do not want to discourage them.

Finally, going back to the family, the family knows well that you do not go and borrow money to drive through a fast food restaurant drive-through. That is silly. You want to make sure that part of the budget is balanced, but the family knows well the importance of long-term investments: their mortgage, their house, their car, their children's education.

We in the Federal Government can take that lesson to heart as well. I urge adoption of the Wise-Price-Pomeroy-Furse amendment so that you can protect Social Security by moving it off budget, provide for capital budgeting, and provide for those future opportunities for the children and grandchildren that have been the subject of all the discussion here tonight.

I thank the Chair and I thank the gentleman from Texas [Mr. STENHOLM].

The CHAIRMAN. The gentleman from Texas [Mr. STENHOLM] has 11 minutes remaining.

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

First, Mr. Chairman, I want thank all of the people who have worked so hard on this effort, from the balanced budget coalition of groups to our internal BBA whip organization, to all of our Members and their staffs that have worked so hard in corralling the votes to pass the balanced budget amendment this time.

Mr. Chairman, I cannot say enough about my colleague, the gentleman from Oregon [Mr. SMITH] and the work he has done on his side of the aisle; the gentleman from Virginia [Mr. PAYNE], the gentlewoman from Maine [Ms. SNOWE], the gentleman from Massachusetts [Mr. KENNEDY], the gentleman from Oklahoma [Mr. INHOFE], and I particularly want to commend my friend, the gentleman from West Virginia [Mr. WISE] for the job that he has done.

Second, Mr. Chariman, I want to commend the Members who have participated in the debate today, virtually all of whom have made that wish I made during the rules debate come true. It obviously has been a valuable debate conducted on a high plane, for the most part.

Third, I want to commend all the authors of the amendments being offered today for their sincere efforts and hard work: again, the gentleman from West Virginia [Mr. WISE], the gentleman from Texas [Mr. BARTON], the gentleman from Louisiana [Mr. TAUZIN], and the gentleman from Arizona [Mr. KYL], all of whom have contributed responsibly through the proposals that they are offering.

One of the most encouraging things to me is that while there is disagreement about the best amendment, there is a growing agreement that we need a constitutional amendment. In fact, I cannot help but observe that over these last 10 or 12 years, time and time again, we have passed statutes, time and time again we have made efforts to reduce the deficit; time and time again we have stood in the well at the mikes and said we are all in favor of balancing the budget, but when the tough ones come up, we always seem to be a little short, as my colleague, the gentleman from Tennessee, mentioned a moment ago.

Now it appears, at least listening to the debate today, that we now have well over two-thirds of this body, including, I believe, a majority for the first time on my side of the aisle, that believe we do need to amend the Constitution for purposes of bringing about a balanced budget.

□ 1820

Unfortunately, though, we have a difference again as to which one. We always manage to have that small difference that provides that reason for us not doing anything, and once again, that is what is happening to us.

Again, where we have honest differences, I can certainly go along with that.

I want to correct a few errors, though, and I believe there was a misstatement on the part of the gentleman from West Virginia [Mr. WISE] a moment ago when he said that his was the only amendment that provides for capital budgeting. That is not exactly true.

House Joint Resolution 103, our amendment, does not prevent the creation of separate operating and capital accounts. But the total budget must remain in balance. This is consistent with the recommendations of the GAO which stated the creation of explicit categories for Government, capital, and investment expenditures should not be viewed as a license to run deficits to finance those categories. The choice between spending for investment and spending for consumption should be seen as setting of priorities with an overall fiscal constraint, not as a reason for relaxing that constraint and permitting a larger deficit.

Similarly, the national performance review concluded that a capital budget is not a justification to relax current budget constraints. One of the reasons that I will oppose the Wise amendment, I think it has been good to raise this issue of capital budgeting, but I am not sure we are ready to put this version into the Constitution.

You know, a lot has been talked about while the States have capital budgets which allow them to finance large capital expenditures, they also have several mechanisms which regulate these budgets. These include referendum votes on bond issuances and strict bond quality ratings by private ratings services. Also, debts incurred for capital expenditures must be paid back systematically within the operating budget. Abuse of State capital budgets is limited by these votes and ratings.

These controls do not exist at the Federal level. Creating a Federal capital budget would invite moving spending items which clearly are not capital expenditures from the operating to the capital budget, and I will only list the President's budget that was submitted to us this year. I will list just a few: major Federal investments outlays, direct, national defense, $76.1 billion; nondefense, 19.1; grants to State and local governments, 31.2; conduct of research and development, national defense, 40.4 billion; nondefense, 28 billion.

There are so many different views that we could have, and that is something that needs to be spelled out, but certainly not enshrined in the Constitution.

We have heard speakers talking about the necessity of borrowing and using the Louisiana Purchase as an example. Well, I wish we would emulate the Louisiana Purchase. This was something that was bought and paid for within a relatively short period of time. And just interestingly, if we were buying the Louisiana Purchase today, that purchase of land which became part of 15 States, today it would cost us $225 billion. We would be able to pay it back within 10 years.

What are we getting for the $223 billion of deficit spending we have this year? Name one concrete investment being made for anyone regarding this year's capital budget, if that is what we want to call it, and we could, based on the President's submission of his own budget.

Finally, I would say the question of off-budget or on-budget, on Social Security, why I want and believe it must be kept on budget is because we are not just talking about current and short-term expected recipients of the Social Security trust fund. We have to be concerned about those who are looking forward to 20, 30, 40 years from today to be concerned about that same trust fund. Surely, it is not too much to ask of today's recipients to provide for an increasing of that trust fund so that their grandchildren might have something there for them also.

That is why we say it must be included, because we are not just talking about current recipients. We are talking about all future recipients, and again, I say there is no greater supporter of the Social Security trust fund or the Social Security system than CHARLIE STENHOLM, and I believe I speak for the other 434 Members of this body, both sides of the aisle.

I am glad that most of us today avoid the temptation of politicizing that issue. That is progress. I am glad that we are legitimately talking about a very legitimate issue, and that is capital budgeting and how that might fit.

Again, I commend the gentleman from West Virginia for making a very honest attempt at making this a very relevant issue. Perhaps someday in the future this will be the reason that we will find 290 votes to amend the Constitution of the United States. I do not think the time is now. I hope though that the time is now to amend our Constitution to provide one thing, and that is what we have hoped to do, not set our economy into a straitjacket.

I have had to bite my tongue many times today when my colleagues would stand up and say all of these horrible things we are doing. At any time the judgment of this body is that 60 percent of us shall say we shall borrow money for a very worthwhile purpose, we may do so under our amendment. We do not put it in a straitjacket. We just give that minority that has no vote today, our children and grandchildren, a little better say-so in what we need to be doing for them as well as for us today.

Mr. PACKARD. Mr. Chairman, today Congress will once again go through the perennial throes of the balanced budget amendment debate.

We brought the measure to the floor by way of discharge petition, made possible in part, by Mr. INHOFE's so-called sunshine amendment, that made public Member's names on discharge petitions. Forcefully dredged from an untimely death in committee, we can examine this fine proposal in the light of day.

We are told repeatedly by opponents of this the balanced budget amendment that it is a gimmick. If we would only make the tough spending choices, the opponents say, Congress could do without amending our Constitution, a document which contains the basic principles that have guided the success of this country for over 200 years.

I will give these opponents three reasons why we should overwhelmingly support this amendment which the American people overwhelmingly support: Gramm-Rudman-Hollings I, Gramm-Rudman-Hollings II, the budget agreement of 1990.

No matter what laws Congress passes that are supposed to prevent them from spending more money than they have, the big spenders in Congress will always find a way to circumvent them. Spending has increased despite these strict deficit spending measures that Congress has passed. These are the true gimmicks.

So, experience has told us that Congress makes gimmicks of laws passed to prevent deficit spending. What has experience taught us about Congress' political will to make tough spending decisions between conflicting interests? Experience has taught us that Congress is incapable of making these decisions collectively. Here is a prime example: This body was unable to pass the Penny-Kasich amendment. Was the Penny-Kasich amendment draconian or ultimately disruptive to the well-being of this country? Absolutely not. Penny-Kasich would have cut one cent from every Federal dollar spent over 5 years. Yet it failed. So much for political will. What about the Solomon amendment? Why couldn't this body find the political will to pass this? And this is only the most recent example.

Why shouldn't we include an amendment to our Constitution to balance our budget? Shouldn't our country build on prosperity, not on debt? Isn't this a basic guiding principle that will ensure our success in the future?

I urge my colleagues to reject the naysayers. Vote for the future prosperity of our children. Pass the balanced budget amendment.

Mr. KNOLLENBERG. Mr. Chairman, while much of the discussion here today has focused on the "balanced" in balanced budget amendment, the Kyle amendment adds a new and very important dimension to this debate: basic economics.

For the last 40 years, Federal tax revenue has remained at 19 percent of GDP year in and year out. If you think about it, this is a truly amazing fact. Immediately after World War II, the top marginal tax rate in America was 94 percent. Yet total revenues stayed at that 19 percent figure. Even when Ronald Reagan slashed marginal rates by 25 percent in 1981, revenues remained constant at that same 19 percent.

Besides making an almost airtight case for supply-side economics, this statistic illustrates an inherent equilibrium in our tax structure.

It shows exactly how much Government the American economy will bear.

However, the spending side of the picture is bleak. Since about 1955, Federal spending has departed from that 19 percent figure, and has grown steadily higher ever since. Today, spending equal 25 percent of our GDP. Mr. Chairman, it doesn't take a math professor to figure out that we simply cannot continue to spend more than we take in.

A balanced budget amendment brings sanity back to the level of Federal spending and frankly, it's a provision that every one of our constituents live by every day of their lives. Imagine, if you will, one of our constituents coming to the conclusion that he or she simply had too many expenses, and yet was unwilling to prioritize them. Continue to imagine, that this individual decided to spend without consideration to their income.

Mr. Chairman, we all know, as do the American people, that this person would soon find themselves with nothing, because they tried to do everything. This Government has tried to do everything—react to every concern—with-

out setting priorities. Now, because of our bad judgment, we find ourselves on the verge of literally bankrupting our children. This is not the legacy I intend to leave to my family or my constituents.

The Kyle amendment goes beyond simple budget balancing. It also says that we must limit spending at a level our economy can support. It's just plain common sense.

So join with me. Inject some basic economic reality into the business of this body. Help set a wise and reasoned benchmark for governmental and economic performance. Vote for the Kyl amendment.

Mr. BEILENSON. Mr. Chairman, I rise in opposition to all four proposals for amending the Constitution to balance the Federal budget.

I share the feelings of frustration which have led many of our colleagues to conclude that amending our Constitution is our only hope for solving the Federal Government's persistent budget deficit problem. The enormous deficits the Government has run for the last decade and a half are, without a doubt, the leading policy and political failure of our generation. They are the root cause of the low rate of investment in this country, and they are a major factor in our inability to respond to our Nation's most pressing needs. They are also a large part of the reason why voters are angry at Congress and why so many feel that our political process just does not work.

But amending the Constitution to require a balanced budget is the wrong way to attempt to correct the imbalance between spending and revenues. The right way to do it is to enact well-thought-out spending cuts and revenue increases which reduce our annual deficits, but which do so gradually, in a way that avoids inflicting damage on a fragile economy. That is what the President and Congress did successfully last year, and it is what we should continue to do in the years ahead.

The proposals before us, however, would deter us from acting in such a responsible manner in the future. Because the amendment would not take effect until the year 2001, it would give the President and Congress an excuse to avoid acting now to make the spending cuts and raise the revenues that are needed to eliminate deficits.

Moreover, once the amendment took effect, Congress would undoubtedly go to great lengths to find a way around it. We did just that after we enacted the Gramm-Rudman-Hollings Act which promised a balanced budget by the end of the last decade: We used unrealistic economic assumptions to produce inflated estimates of revenues, we moved programs off-budget, and we delayed payments into future years—all in an attempt to circumvent deficit-reduction requirements that we did not have the political will to meet. Just as our inability to comply with Gramm-Rudman-Hollings in an honest way fueled public cynicism toward Congress, so too would our likely response to a requirement to balance the budget.

The reason that Congress would try to find ways around complying with a balanced budget requirement is the same reason we are not voting to balance the budget right now: There is insufficient political support for the deep programs cuts and large tax increases that would be required to bring spending and revenues into balance. We saw what happened last week when a plan to balance the budget over the next 5 years was presented to the House: It failed by a vote of 342 to 73. We may all want to balance the budget in the abstract, but we also realize that the draconian spending cuts required—if the budget is balanced through spending cuts alone—are not supported by most Americans.

In addition, a balanced Federal budget is not always the wisest economic policy. When the economy is emerging from recession, as it is now, balancing the budget could set back the recovery badly. That is another reason the proposal to balance the budget in 5 years commanded so little support: It posed too great a risk to the still-fledgling economic recovery.

The constitutional amendment proposed by Representative STENHOLM anticipates the possible need for deficit spending by allowing expenditures to exceed revenues if three-fifths of both Houses of Congress vote to approve deficit spending. That provision, however, is another troubling feature of this proposal because it would enable a minority of Members—whether partisan, regional, ideological, or otherwise—to control the outcome of a decision on this matter. By giving minorities in both chambers the power to demand concessions in return for their votes—and the power to veto, in effect, legislation supported by a majority of Members—this provision would make it extraordinarily difficult for Congress to govern. It would severely constrain Congress in its ability to respond effectively, and in a way supported by a majority of Americans, to the problems facing our Nation.

Mr. Chairman, for all of these reasons, the proposals before us to amend the Constitution to require a balanced budget should be rejected. Let us resolve, instead, to build on the work we began last year when we enacted legislation which will reduce deficits over the next 5 years by half a trillion dollars—legislation which has resulted in a deficit this year that is 40 percent lower than predicted just a year earlier. I urge my colleagues to vote "no" on all four versions of this legislation.

Mr. STOKES. Mr. Chairman, I rise today to express my strong opposition to House Joint Resolution 103, as introduced by Representative STENHOLM, a bill to amend the Constitution to require a balanced budget. The proposed constitutional amendment would prohibit outlays from exceeding receipts in any fiscal year, unless three-fifths of the Members of the House vote to do so. I believe that this proposed amendment poses a grave danger to our Nation's unique Democratic system of government, and could adversely affect the American economy and the viability of our Nation for many years.

One of the major problems presented by House Joint Resolution 103 is that enforcement of the law would be the responsibility of the Federal Judiciary, a clear violation of the doctrine of separation of powers. The Constitution, in article 1, section 8, specifically states that, "The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense (SIC) and general welfare of the United States * * *" enactment of House Joint Resolution 103 would amount to an abdication by the legislative branch of their sole responsibility, as the only Federal Government officials directly elected by the people, for raising revenue and directing spending. It is clear that our Founding Fathers never intended for the authority to make Federal Government spending decisions to be held by any other body than the Congress. Regardless of the severity of the current problem controlling the Federal deficit, and reducing the burgeoning debt, the Congress cannot abdicate its responsibility to the people.

The issue before us is a critical one, how best do we reduce the budget deficit, and begin to trim the Federal debt. For 12 years of Reagan-Bush economic policies, our Nation experienced rapidly increasing annual budget deficits, and a quadrupling of the Federal debt. In 1980, the national debt stood at approximately $1 trillion; in 1992, the debt had risen to a staggering $4 trillion. Despite all the political rhetoric emanating from the White House during the Reagan-Bush years endorsing a balanced budget amendment, neither President Reagan nor President Bush ever proposed a balanced budget to Congress. In fact, not only did Presidents Reagan and Bush propose spending plans which led to an explosion of the Federal debt, and increasing annual budget deficits, but Congress actually appropriated approximately $17 billion less than requested by Presidents Reagan and Bush during their 12 years in office.

Mr. Chairman, I urge all my colleagues not to take the easy way out, but to face up to each of our responsibilities as elected officials to make tough decisions and hard choices, and have the courage to stand behind them. I urge my colleagues to oppose simplistic solutions to the difficult issue of deficit reduction, and vote against House Joint Resolution 103.

Mr. COYNE. Mr. Chairman, I want to state today my strong opposition to any amendment to the U.S. Constitution that would seek to provide for a balanced budget.

Let me begin by reminding the House that Congress passed a budget plan last year which is moving the Nation toward a balanced budget in a dramatic fashion. The deficit for fiscal year 1995 is expected to be 40 percent below the deficit originally projected by fiscal year 1995.

The budget resolution passed by the house last year provides for a fiscal year 1995 deficit of $176 billion compared to the fiscal year 1994 deficit of $235 billion. Passage of national health care reform will help to lock in this positive deficit reduction trend by controlling fast growing Federal health care expenditures.

The 1993 economic plan and health care reform will help to provide a balanced budget. It will be done as a result of straightforward debate and tough votes. Members of Congress do not need to hide behind the U.S. Constitution to make the choices needed to balance the budget. The Congress must only face up to these issues and do the right thing.

My opposition to a balanced budget amendment is based on the basic fact that only Congress can take the tough votes required to balance the budget. An amendment to the U.S. Constitution is not needed and furthermore will not achieve the goal advanced by the supporters of this proposed amendment.

The simple truth behind all the rhetoric about a balanced budget amendment is that all this proposal would do is empower a minority in Congress to block any budget. The proposed balanced budget amendment would require a 60 percent vote rather than the current 50 percent vote to enact a budget that did not provide for a balanced budget. As a result, 41 percent of the Members of the House could hold a budget hostage until the majority capitulated to the minority's position.

If the supermajority provisions of a balanced budget amendment had been in effect last year, the 1993 economic plan would not have passed the Congress. The public statements of leaders in the minority made it clear that a balanced program of budget cuts and revenue increase was unacceptable. It is hard, in fact, to imagine the minority in the House accepting any budget plan that would have provided the dramatic 40-percent reduction in the deficit achieved by enactment of the 1993 economic plan. As a result, a balanced budget amendment with its supermajority loop hole would have likely made real deficit reduction not easier but more difficult last year.

I have consistently voted against balanced budget amendment proposals in the past because of my concerns that amending the U.S. Constitution is not the most effective or responsible way of making U.S. budget decisions. Previous efforts to enact a balanced budget amendment have represented an attempt to paper over what was essentially a political debate between the Congress and earlier administrations over U.S. fiscal policy.

In addition, balanced budget amendments typically delay any balanced budget requirements until far into the future when the responsibility of making the tough decisions would fall to a future Congress. Passing a balanced budget amendment is a classic case of wanting to have your cake and eat it too. Proponents would have Congress pass a balanced budget amendment but ensure that deficit spending could continue until the clock runs out sometime in the next century.

There is no question that the Federal deficit must be controlled. That is being done by the 1993 economic plan and deficit control efforts will be strengthened by enactment of health care reform. I strongly support a balanced budget, and I am willing to cast the votes necessary to cut the deficit.

The road to a balanced budget is not paved with amendments to the U.S. Constitution. The good intentions of a balanced budget amendment lead in a different direction—a purgatory of gridlock.

The road to a balanced budget is marked by tough votes on Federal spending and revenue. I urge the House to reject the allure of balanced budget amendments and work together instead to make the decisions required to reduce the deficit, enact health care reform, and build a stronger U.S. economy.

Mrs. MINK of Hawaii. Mr. Chairman, apropos to this week's debate on the balanced budget constitutional amendment, I am pleased to insert the following excerpt from a book entitled, "The Constitution of 1787: A Commentary," written by George Anastaplo, professor of law, Loyola University of Chicago, and published by the Johns Hopkins University Press, pages 186–187. The two long passages are from James L. Kilpatrick's Chicago Sun-Times column of April 3, 1986.

I have also suggested that it is difficult to believe that any balanced-budget amendment, however it should be proposed and ratified, would have its intended effect. All of the proposals that have been taken seriously include prudent provisions allowing Congress, by three-fifths or some other supermajority, to override any balanced-budget restriction. Even more serious, this general approach assumes that there exists a thing readily identifiable as a budget and that it is reasonably evident when it is balanced, or when expenditures are matched by receipts.

Is not the balanced-budget-amendment approach naive, depending much more upon incantations than is politically sound? Such approaches can be little more than rhetorical exercises, which can have the bad effects not only of cluttering up the Constitution but also of misleading people as to what a constitution can and cannot do. The best popular critique I have seen of a balanced-budget amendment is by a conservative columnist who had this to say about the matter:

"The Senate last week fell just one vote short of approving a constitutional amendment intended to compel a balanced federal budget. It would be pleasant to say good riddance to bad rubbish, but we have not heard the last of this folly.

"This was the proposed amendment: "Outlays of the United States for any fiscal year shall not exceed receipts to the United States for that year, unless three-fifths of the whole number of both houses of Congress shall provide for a specific excess of outlays over receipts."

"A second section would permit Congress to waive these restrictions in wartime. A third section would make the amendment effective in the second fiscal year after its ratification.

"[T]he best speech in the Senate against the proposed amendment . . . made four points: (1) The resolution lacks constitutional feel, (2) From a parliamentary standpoint it is plainly grotesque. (3) Its terms could easily be evaded. (4) It is unenforceable by any acceptable means.

"The amendment, [it was] said, "would wage war on the Constitution's majestic simplicity."

"Indeed it would. Constitutional amendments ought to address either the rights of the people or the structure of government."

The column ends with observations that apply to much more than the current controversy:

"A balanced federal budget ought not to be constitutionally mandated, whether by an amendment that originates in Congress or by an amendment that originates in a constitutional convention. It is a bad idea in either event.

"The way to get a balanced budget is to elect responsible men and women to Congress. It is a humiliating confession of irresponsibility that this amendment should ever have been considered."

If a balanced-budget amendment should work, we might then resort to an amendment absolutely forbidding crime in the streets and still another insuring that only the most virtuous should serve in public office. We could adapt to this latter amendment the provision in the 1776 Maryland Constitution that "a person of wisdom, experience, and virtue, shall be chosen Governor, on the second Monday of November, seventeen hundred and seventy-seven, and on the second Monday in every year forever thereafter, by the joint ballot of both Houses [of the General Assembly]."

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

The CHAIRMAN. All time for general debate has expired.

Without objection, the joint resolution is considered as having been read.

There was no objection.

The text of the joint resolution is as follows:

H.J. RES. 103

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission to the States for ratification:

"ARTICLE—

"SECTION 1. Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a rollcall vote.

"SECTION 2. The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for an increase by a rollcall vote.

"SECTION 3. Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year, in which total outlays do not exceed total receipts.

"SECTION 4. No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a rollcall vote.

"SECTION 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.

"SECTION 6. The Congress shall enforce and implement this article by appropriate legislation, which may rely on estimates of outlays and receipts.

"SECTION 7. Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

"SECTION 8. This article shall take effect beginning with fiscal year 1999 or with the second fiscal year beginning after its ratification, whichever is later."

The CHAIRMAN. No amendments to the joint resolution are in order except the amendments specified in House Resolution 331, which shall be considered in the order specified in the rule and which may be offered only by the named proponent or a designee, shall be in order notwithstanding the adoption of a previous amendment in the nature of a substitute, shall be considered as read only if printed in the CONGRESSIONAL RECORD at least 3 legisla-

tive days prior to consideration, shall be debatable for 1 hour, equally divided and controlled by the proponent and a Member opposed thereto, and shall not be subject to amendment.

The amendments made in order by the rule are:

First, an amendment in the nature of a substitute by the gentleman from Arizona [Mr. KYL];

Second, an amendment in the nature of a substitute by the gentleman from Texas [Mr. BARTON];

Third, an amendment in the nature of a substitute by the gentleman from Texas [Mr. BROOKS];

Fourth, an amendment in the nature of a substitute by the gentleman from Texas [Mr. STENHOLM].

If more than one amendment in the nature of a substitute is adopted, only the last to be adopted shall be considered as finally adopted and reported to the House.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KYL

Mr. KYL. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. KYL: Strike all after the resolving clause and insert the following:

That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission for ratification:

"ARTICLE—

"SECTION 1. Except as provided in this article, outlays of the United States Government for any fiscal year may not exceed its receipts for that fiscal year.

"SECTION 2. Except as provided in this article, the outlays of the United States Government for a fiscal year may not exceed 19 percent of the Nation's gross national product for that fiscal year.

"SECTION 3. The Congress may, by law, provide for suspension of the effect of sections 1 or 2 of this article for any fiscal year for which three-fifths of the whole number of each House shall provide, by a rollcall vote, for a specific excess of outlays over receipts or over 19 percent of the Nation's gross national product.

"SECTION 4. Total receipts shall include all receipts of the United States except those derived from borrowing and total outlays shall include all outlays of the United States except those for the repayment of debt principal.

"SECTION 5. The President shall have power, when any Bill, including any vote, resolution, or order, which contains any item of spending authority, is presented to him pursuant to section 7 of Article I of this Constitution, to separately approve, reduce, or disapprove any spending provision, or part of any spending provision, contained therein.

"When the President exercises this power, he shall signify in writing such portions of the Bill he has approved and which portions he has reduced. These portions, to the extent not reduced, shall then become a law. The President shall return with his objections any disapproved or reduced portions of a Bill to the House in which the Bill originated. The Congress shall separately reconsider each such returned portion of the Bill in the manner prescribed for disapproved Bills in section 7 of Article I of this Constitution. Any portion of a Bill which shall not have been returned or approved by the President within 10 days (Sundays excepted) after it shall have been presented to him shall become a law, unless the Congress by their adjournment prevent its return, in which case it shall not become a law.

"SECTION 6. Items of spending authority are those portions of a Bill that appropriate money from the Treasury or that otherwise authorize or limit the withdrawal or obligation of money from the Treasury. Such items shall include, without being limited to, items of appropriations, spending authorizations, authority to borrow money on the credit of the United States or otherwise, dedications of revenues, entitlements, uses of assets, insurance, guarantees of borrowing, and any authority to incur obligations.

"SECTION 7. Sections 1, 2, 3, and 4 of this article shall apply to the third fiscal year beginning after its ratification and to subsequent fiscal years, but not to fiscal years beginning before October 1, 1999. Sections 5 and 6 of this article shall take effect upon ratification of this article."

The CHAIRMAN. Pursuant to the rule, the gentleman from Arizona [Mr. KYL] will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

Mr. WISE. Mr. Chairman, I am opposed to the Kyl amendment.

The CHAIRMAN. The gentleman from West Virginia [Mr. WISE] will control the 30 minutes in opposition.

The Chair recognizes the gentleman from Arizona [Mr. KYL].

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

Mr. Chairman, according to Clinton administration figures, a total of $234.8 billion will be added to the debt by the end of this fiscal year. That means, in just the short hour allocated for today's debate on my amendment, nearly $27 million will be added to the national debt. In the time it takes to vote on the four different versions of the balanced budget amendment between now and tomorrow, over $1 billion will have been added to the national debt. By the end of the year, the total debt owed by each man, woman and child in this country will come to about $18,400 apiece—more than the average Arizonan makes in a year.

Mr. Chairman, the national debt is robbing our children and grandchildren of their financial security tomorrow, and it is robbing the American people of their economic security today. The interest on the national debt—interest alone—now amounts to over $800 million a day, about $300 billion per year. That is 10 times more than this year's education budget. It is about twice what we'll spend on Medicare. It is nearly eight times what we allocate for veterans programs. And if that weren't bad enough, interest payments will only continue to grow from year to year, crowding out all other programs for a share of scarce Federal dollars.

Mr. Chairman, every year that Congress fails to pass a balanced budget just adds to the debt burden being foisted upon future generations. Every year it becomes more and more difficult and painful for all of us to balance the budget. We must end the delay, and begin making the hard choices now.

The amendment I have at the desk—the balanced budget spending limitation amendment—is designed to end Congress' addiction to spending and borrowing, and gives the Nation a chance at a healthy economic future.

The free-standing version of my amendment, House Joint Resolution 61, has been cosponsored by more than 70 Members of the House. It has been endorsed by such taxpayer groups as Citizens Against Government Waste, Citizens for a Sound Economy, Americans for Tax Reform, and the National Tax Limitation Committee, not to mention the Institute for Research on the Economics of Taxation among others.

Like the other versions of balanced budget amendments that will be considered, the Kyl substitute requires a balanced Federal budget. It is unique, however, in two other respects—both substantively and in its objectives.

Substantively, it includes a Federal spending limit. It limits spending to 19 percent of gross national product, which is roughly the level of tax revenues the Government has collected for the last generation. Second, it provides the President with line-item veto authority.

With respect to objectives, the Kyl substitute is designed to promote both fiscal responsibility and economic growth.

Just before the House debated balanced budget amendments the last time, in 1992, the General Accounting Office released a report predicting that, based on current trends, Federal spending could grow to 42.4 percent of gross national product by the year 2020. That would be up from about 23 percent of GNP today. Slower economic growth will result, and combined with a growing debt burden, the next generation can expect no improvement in its standard of living.

My colleagues, let me repeat that: If Federal spending isn't limited, there will be no improvement in the standard of living for the next generation.

A report released the year before, by Stephen Moore of the Institute for Policy Innovation, came to similar conclusions about the proportion of GNP the Government will command if current trends are followed. The report concluded that:

Meaningful, constitutional limits on the growth of spending are needed to bring the

size of government down to economically sustainable levels. One way to achieve this end would be to limit the percentage of GNP which the government can command from the private sector.

The idea of spending limits is not new. Nineteen States across the country have some form of spending limitation, in statute or in their constitutions. California, for example, adopted a constitutional limit in 1979, limiting yearly growth in appropriations to the percentage increase in population and inflation.

Tennessee adopted its constitutional limit in 1978, limiting the growth in appropriations to the growth in State personal income. Texas, also in 1978, adopted a constitutional limit, tying the growth in biennial appropriations to the rate of growth of personal State income.

The Kyl substitute is modeled after Arizona's spending limit, which I helped draft in 1974 with then-State senate majority leader Sandra Day O'Connor, now Associate Justice of the U.S. Supreme Court; State senator Ray Rottas, who went on to become State treasurer of Arizona; Clarence Duncan, a prominent Arizona attorney; and a handful of others. The spending limit, set at 7 percent of State personal income, was approved by an overwhelming 78 percent of the State's voters.

The idea of spending limits is not unique to the States either. The idea was endorsed in the Republican budget initiative which was considered in the House last week. As far back as 1979, the Humphrey-Hawkins Full Employment Act set a goal of limiting Federal outlays to a maximum of 20 percent of GNP (15 U.S.C. 1022a). The problem is, that was merely a goal, not a requirement, and Congress has routinely ignored it. Since the goal was set, revenues have remained relatively constant at about 19 percent of GNP, but spending soared to over 25 percent and now hovers at about 23 percent.

When I first came to Congress in January 1987 I introduced a spending limit balanced budget amendment. Adding a spending limitation to a balanced budget amendment, as the Kyl substitute proposes to do, achieves two things: First, it treats the cause of big deficits—excessive Government spending—and not just the symptoms of that problem—the high taxes and excessive borrowing. Our problem is not that Congress doesn't tax enough; it is that Congress spends too much.

Moreover, my approach recognizes that the only way Congress really can balance the budget is by limiting Federal spending to the level of revenues that the economy has historically been willing to bear.

Over the last 40 years—in good economic times and bad, despite tax increases and tax cuts, and under Presidents of both political parties—revenues to the Treasury have remained relatively constant at about 19 percent of gross national product [GNP].

That is because changes in the Tax Code change people's behavior. Lower taxes stimulate the economy, resulting in more taxable income and transactions, and more revenue to the Treasury. Higher taxes discourage work, production, investment, and savings, so revenues are always less than projected. Although tax cuts and tax rate increases may create temporary declines and surges in revenue, revenues always adjust at roughly the same percentage of GNP as people adjust their behavior to the new tax laws. So you just cannot reduce the deficit and balance the budget by raising taxes.

The point is, if revenue as a share of GNP remains relatively steady no matter what we do, the only way to really raise revenues is to grow the economy first. In other words, 19 percent of a larger GNP represents more revenue to the Treasury than 19 percent of a smaller GNP.

The balanced budget-spending limitation amendment thus attacks the cause of deficits head on—it limits spending. And, by linking spending to the size of the economy—GNP—it not only recognizes the reality that a growing economy produces more revenue, but also gives Congress an incentive to support policies that ensure the economy is indeed healthy and growing. Only a growing economy—measured by GNP—would increase the dollar amount that Congress is allowed to spend. So if Congress wants to spend more money it would have to support policies that promote economic opportunity and growth.

Mr. Chairman, there is one additional component to the Kyl substitute, and that is a real and meaningful line-item veto for the President. This is not just expedited rescission authority masquerading as a line-item veto. This is the real thing, and it will give the President a means of enforcing the balanced budget and spending limitation requirements should Congress, for some reason, fail. Forty-three Governors already have line-item veto authority, and the President should as well.

This is the only opportunity we'll have during this entire Congress to vote on a real line-item veto. For those who say they support it, here's the chance.

I urge my colleagues to support the Kyl substitute.

□ 1830

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

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

I rise in opposition to the Kyl amendment. I feel that the Wise-Price-Pomeroy-Furse alternative is far preferable. I guess the Kyl amendment in a lot of ways is really quite a package. It is one-stop shopping. You not only get the balanced budget amendment, you also get a line item veto in there as well. It is all wrapped up in one.

Regarding the line-item veto, a vast majority of this House has passed an enhanced rescission process that, in effect, is a modified line item veto, and sent it to the other body. It would be my hope, having supported that, that that legislation would be passed. But I also think there are great problems with the line-item veto which does greatly alter the balance of power. The enhanced rescission process guarantees a vote on any rescission, but the vote must be by a majority. The Kyl language would change that, of course, and would require a two-thirds vote to override a Presidential veto. That is quite a significant shift in power. But that is, I understand, not where the real nub of the difference lies, although it is a pretty significant one, between my position and the gentleman from Arizona's.

I have great concern with the 19-percent formula, or any formula, any percentage that is written into the Constitution of the United States. That is not because I am wild about spending more than 19 percent or perhaps less than 19 percent, it is just that arbitrary numbers can get you into trouble. It can get you into trouble, for instance, in a hypothetical situation, perhaps one that is not going to be so hypothetical.

The Congressional Budget Office recently recommended that the provisions of the Clinton health plan, even though it is people paying for private insurance, because they are paying through a health alliance, that those be considered as revenue for outlays and revenues for Federal budgeting purposes. You are simply paying, continuing to pay the health premium that you and I already pay as consumers. We are buying private insurance, but it is being scored as Federal revenue, or it could be.

As I read the Kyl language, anything that takes you above the 19 percent would require three-fifths to waive. So the body would have to come back by 60 percent even if you had the program entirely paid for—pay-as-you-go—by 60 percent, would have to approve that.

I finally disagree with the Kyl budget for reasons that come as no surprise to the gentleman from Arizona. We have been at each other all day on this. It does not adequately protect Social Security recipients. I take the gentleman at his word when he says he is not out to cut Social Security. But I fail to understand in his amendment and in others why you do not simply just put Social Security off budget, as so many people have recommended in the past.

Finally, of course, the Kyl amendment does not have capital budgeting in it, and that has been a subject of debate as well today.

My concern is that the Kyl amendment is much, perhaps more so, actually, than the other amendments that will be considered today because of its limitations, percentage limitation written into the Constitution, combined with an absence of capital budgeting, could do even more to discourage the kind of investment that I think most of us in this Chamber agree needs to be done, our infrastructure, for instance, roads, bridges, and whatnot.

□ 1840

I want to mention for just a moment that some say we are already investing in infrastructure, we are already investing a certain percentage; what is the problem? The problem is because of our present fiscal budgeting policies which would only be aggravated further. By passage or enactment of the Kyl amendment we are discouraging the kinds of investments that do need to be made.

I would point out that we are investing one-half today in relation to our total Federal spending of what we were doing only 25 and 30 years ago in infrastructure, those things that make us stronger. I would point out that Japan, with an economy 60 percent that of the United States, a population roughly about 60 percent that of the United States—Japan spends more in real dollars in infrastructure than the United States Government and related State governments do. We are falling behind in those areas that are so important that we catch up on, and so anything that discourages that kind of investment I have great concerns about.

Mr. Chairman, I fear that the Kyl amendment goes a long way toward further dampening the investment that needs to be made, and for that reason I oppose it and would ask my colleagues to do the same.

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

Mr. KYL. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. KOLBE], my friend and colleague.

Mr. KOLBE. Mr. Chairman, I rise in strong support of the Kyl substitute.

I support the substitute because it is uniquely designed to promote both fiscal responsibility and economic growth.

Well, how does it do that?

In addition to a balanced budget amendment, the Kyl substitute sets a spending limit at 19 percent of GNP, and that clearly is going to help encourage economic growth.

Well why 19 percent? Because Federal revenues have historically comprised about 19 percent of GNP ever since World War II.

The same cannot be said for spending, as my colleague pointed out a few moments ago. Between 1969, the last year the budget was balanced, and 1993, spending in inflation-adjusted terms grew 71 percent faster than revenues, and, yes, to the gentleman from West Virginia I would say he is right if health care is scored as Federal spending, and it has been by the Congressional Budget Office. It would require a 60 percent vote of Congress to exceed 19 percent of spending by the Federal Government.

Mr. Chairman, research shows that tax increases do not reduce the deficit. Rather they compound the problem. They only go to more spending, and that is why the spending gap is the key, because without it Congress could comply with the balanced budget amendment requirements through massive tax increases or allow Congress to balance the budget at any spending level—20 percent of GNP, 30 percent or more.

The Kyl substitute reflects an Arizona approach because it is modeled after Arizona's own spending limit now included in our State constitution which sets spending at 7 percent of State personal income. In 1978, an overwhelming 78 percent of Arizona voters approved the spending limitation amendment.

My good friend and colleague from Arizona was at the helm—this time at the State legislature—steering this fiscally responsible policy through public consideration. And I can truthfully say that the State spending limitation amendment has contributed to responsible budgeting in the State ever since.

As a side note, 19 States across the country have some form of spending limitation, in statute or in their constitutions.

Let me focus on the one other important component of the Kyl substitute, line-item veto authority for the President, which allows him to separately approve, reduce or disapprove any spending provision in a bill.

This is particularly noteworthy to my fellow colleagues from Arizona since there has been some disagreement among us who really stands for true reform and fiscal responsibility on the issue of the line-item veto.

True Presidential line-item veto authority coupled with the balanced budget amendment is the one-two punch this country needs to TKO fiscal responsibility.

Today's RECORD will make it strikingly clear who did—and did not—live up to their rhetoric. It will separate the taxers and spenders from those who are serious about deficit reduction and reforming Government.

I urge my colleagues to vote for the Kyl amendment if you really want to impose fiscal discipline upon the Federal Government.

Mr. KYL. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH. Mr. Chairman, I am convinced that for one and three-quarters century of our history to have a balanced budget amendment to the Constitution would have been folly; based on the last 25 years of "me generation" politics not to put a restraint on legislators, would be folly.

Of the four approaches under consideration today, what distinguishes the Kyl amendment is that it is the only one to couple balancing the budget with a restraint on spending. Frankly, a restraint on spending is more important than a balanced budget amendment. We can have a budget in balance at 30 or 40 percent of GDP and it would be a disaster. The budget could be slightly out of whack at 19 percent of GDP and the economy would be far better off.

A combination approach—a balanced budget amendment coupled with a restraint on spending, and a line-item veto—is the optimal approach. It is the best housing policy, the best small business program, the best young farmer initiative.

The effect on the economy of implementation of such restraints on Congress will be to cause banks to use their deposit base to make loans to individuals and businesses for growth instead of to buy Treasury bills for stability.

Here, I would stress that even with the reduction of interest rates over the last 5 years, rates are still at historically untenable levels in relation to inflation. Real interest rates can only be reduced if the cost of government is reduced.

Finally, although not precisely quantifiable, it is clear the fiscal deficit is directly linked to the trade deficit. We are unlikely to balance our trade until we balance our budget.

For the sake of jobs, for the sake of economic growth, for the sake of export promotion, I urge support for a balanced budget amendment, especially the immediate option before us. It is the best choice before the House today.

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

Mr. Chairman, I would like to ask a question of the gentleman from Arizona [Mr. KYL], and it is in genuine inquiry because I do not quite understand. There is a little confusion.

If the country is engaged in military conflict, does it require a three-fifths vote, in effect, to go to war and to spend over the 19 percent that would be in the amendment?

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

Mr. WISE. I yield to the gentleman from Arizona.

Mr. KYL. Mr. Chairman, anytime the Congress would want to exceed the limitation provided for in this amendment it would have to do so with a 60-percent vote. We have not carved out specific exemptions; for example, declarations of war, because we felt that that language was anachronistic and would not

adequately cover the kind of military situations we would be involved in in the future. So we felt the Congress would have the good judgment, if those eventualities ever arose, to vote with a 60-percent majority to exceed the limit.

Mr. WISE. Mr. Chairman, does the gentleman think, and I ask this once again because I am not trying to trap the gentleman, I am just interested in this concept, but does the gentleman think that can cause problems perhaps? I am wondering about, for instance, the Persian Gulf situation, and I forget what the vote on the floor was for the resolution, whether it was 60 percent or not. I can see a situation where it would be very difficult to summon the resources necessary to fight a war.

Mr. KYL. Let me say, first of all, in answer to the gentleman from West Virginia that I meant to comment earlier that I appreciate the spirit in which he has engaged in this debate from the beginning. He never questions other Members' motives, in fact assumes the good motives while simply indicating differences of opinion on how to achieve a goal, and I share that view, and I appreciate that spirit and also the spirit in which these questions are asked.

I think, with respect to a conflict such as the Persian Gulf war, two comments are in order.

First, the real time that is needed to spend the money that would perhaps exceed the limitation of any of these balanced budget proposals is in the buildup to a conflict. Once the conflict has started, I say to the gentleman, you're not worried about paying the bill. Congress will come back with appropriations to the Defense Department or in whatever way is necessary to pay that bill.

Ironically during the Persian Gulf war, Mr. Chairman, we were successful in getting all of our allies to pay the bill so the United States did not end up paying any of that bill, but, if we had to do so, if our allies had not come through as we negotiated, then in an after-the-fact fashion the Defense Department would have come to the Congress and said, "We won the war, here's the bill, and now you need to pay it," and I suspect at that point the Congress would have paid it either by staying within the 19-percent limitation or mustering the 60 percent to override it.

So I guess my key point here is that I do not think we need to worry about it right when the conflict is going on, necessarily mustering that 60 percent, because we are not going to stop in the middle of the battle simply because we could not get 60 percent of the Congress to continue to fund the Defense Department.

But in any event, Mr. Chairman, if it is serious enough, the 60 percent should be there.

Mr. WISE. Mr. Chairman, the gentleman makes a good point though which is the amount where you need to commit the money sometimes is in the buildup, but in the case of the Persian Gulf where, as the gentleman correctly notes, happily this country was reimbursed significantly by its allies, it was not sure in August and September where they would be.

Does the gentleman foresee, once again, a problem getting a 60 percent if it looks like the Defense Department is going to have to take us over 19 percent, as is the limit in the gentleman's amendment?

Mr. KYL. I think this is perhaps the most serious of the questions that get really all of our proposals, and that is if my colleagues feel, for example, that they have to spend what is being spent for all other matters in the budget, and they cannot meet defense requirements by staying within the budget limitation, can they muster the 60 percent?

□ 1850

That is, of course, a good question. We would have two options there. We either have to be persuaded that something else should give and we fund defense out of savings that we would achieve elsewhere, or we would have to muster the 60 percent. And I am not absolutely sure that we would be in sufficient consensus on that issue that we would be able to provide defense.

I think others might argue similarly with respect to education or some other need that they felt to be absolutely critical. We have the budget authority basically used up, yet they think it is absolutely critical, and it would require a 60-percent majority to exceed the limit.

I guess what I have to fall back on is the fact this is an intelligent body after all, and if, given the discipline of a spending limit and a balanced budget, we cannot prioritize adequately to stay within that, then we are clearly not doing what the people elected us to do and we could be replaced by someone who is. But I think that top line limit would have a proper effect and force us to prioritize within what is available for us to spend.

Mr. WISE. I thank the gentleman for clarifying.

Mr. KYL. Mr. Chairman, might I inquire as to the remaining time on both sides?

The CHAIRMAN pro tempore (Mr. DE LA GARZA). The gentleman from Arizona [Mr. KYL] has 18 minutes remaining, and the gentleman from West Virginia [Mr. WISE] has 20 minutes remaining.

Mr. KYL. Mr. Chairman, I yield 2 minutes to one of the coauthors of the Smith-Stenholm amendment, the gentleman from Oregon [Mr. SMITH].

Mr. SMITH of Oregon. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I think this is a wise and reasoned amendment, that tackles the problem of deficit spending head on by restricting Federal spending to 19 percent of the gross domestic product.

In doing so, I think the gentleman's amendment recognizes that we have a deficit, not because the American people are undertaxed, but because the Congress overspends. So I believe this is reality.

The Kyl substitute would encourage Congress to pursue policies that enhance our potential for economic growth. For instance, if the economy grew by $100 billion, the potential Government spending would increase by $19 billion. The only runaway spending that could occur could increase if the economy expands. That is the point of it.

But I find it fascinating that we are entered into this debate of controlling spending, because I listen to the liberals who see in this the opportunity to curtail defense spending; and I see the conservatives are saying, well, this is an opportunity to curtail social spending. And in both cases, they may or may not be right. But in both cases, the object is met that somehow we have to control the appetite of Congress in spending the people's money.

So I am here to support the gentleman from Arizona [Mr. KYL]. I think it is a reasonable, decent amendment, and I urge Members to vote for it.

Mr. WISE. Mr. Chairman, I yield myself such time as I may consume, just to respond briefly to the gentleman from Oregon [Mr. SMITH]. There is a fundamental difference I think that is emerging in the Kyl amendment and those who advocate it and those who oppose it, and I think that is where is the role of government?

The Kyl amendment says that it would limit spending unless 60 percent waive the requirement. It would limit spending to 19 percent of GDP. That would be written in the Constitution.

The gentleman from Oregon [Mr. SMITH] makes the point that as the economy grows, then the Government could spend more. It is sort of an Amway sales commission approach. You do well and you get more commission. That assumes that everybody wants to spend more.

The problem is this: When the economy is growing, it is not necessarily when the Government needs to be more involved. The problem is that when the economy is contracting in recessionary times is when you want to do the Government spending. And while I do have difficulty pronouncing Keynesian economics, I would observe that most Presidents, from both Republican and Democrat Parties, while they may say they abhor Keynesian economics, in truth they employ it.

During the recession of 1982 and 1983, one of the things introduced into our economy was a rapid increase in defense spending. That provided a lot of jobs and goosed the economy and got it going.

In previous administrations, for instance following the depression, it was public works projects. I suspect in the future we are going to find that neither injection does much good, but we are going to have to work on investment incentives.

At any rate, when the economy is doing well is when you need the Government least. When the economy is doing worse is when you need the Government worse. I am afraid the Kyl amendment would restrict Government at a time when it has to respond.

Mr. SMITH of Oregon. Mr. Chairman, if the gentleman will yield, it is interesting, we come at this issue from opposite points of view. The Keynesian economic theory is exactly what you have identified, and that is simply that in a downturn, the idea is to pump money into the economy. That is what we have been following, that philosophy, since 1930. There is no question about that.

However, the Kyl amendment does not deny that you should not follow the Keynesian socialistic idea of managing the economy. It only demands that it be provided a 60-percent vote to do so. So it doesn't chop off the opportunity.

By the way, since the gentleman mentioned Keynes, it seems to me that Keynes is the problem we are trying to solve. Keynes and the economic theory of Keynes, which has been followed in this country, has brought us to a $4.5 trillion debt. That is what we are trying to solve with the balanced budget amendment.

Mr. WISE. Mr. Chairman, reclaiming my time, I guess my Keynes is Ronald Reagan, who managed to push tax cuts through and spending increases through, using what had heretofore been traditional Keynesian economics, to spur an economy, and for a while it caught. The only problem is, that is why we are here today on a balanced budget amendment, because the deficit went from $1 trillion to $4.5 trillion.

The gentleman and I probably will not agree on the analysis tonight, but my concern with the gentleman, and he stated the difference, the gentleman would require a 60-percent vote in order for Congress to act during a recession. The problem is too often you are not sure you are into a recession until the recession is already on you. You would make it very difficult to act in the early days before everyone fully appreciated it. By the time you finally get around to doing something about it, it may have been aggravated by the delay.

I do not understand what is wrong with a majority vote in order to do the kind of actions that are necessary, countercyclical actions, necessary to counteract a recession. That is a fundamental difference we have.

Mr. SMITH of Oregon. If the gentleman would yield for a short response, even in an economy that is expanding, which the Reagan economy had the longest increase in peaceful expansion of the economy in the history of the country, which as the gentleman may indicate resulted in deficits, then at that point I would want to restrict increases in spending at 60 percent as well. Because it is that kind of incentive, when the economy is expanding, that we create inflation, that we create the problems that we have with your contention that Social Security should be moved away from the budget, that we create all the problems of deficit.

So I will take the other side of Keynes to the point that we ought not be encouraging further debt in an expansionary mode.

Mr. WISE. I think we may be trying to find something to fight about. I think we are both saying the same thing. I am saying my concern over the Kyl amendment, by the 19-percent limitation written into the Constitution, at a time when you need the Government to respond most aggressively, and that means usually additional spending, unemployment compensation, job stimulation, whatever form it takes, at a time when you need it to respond most aggressively, the Kyl amendment would require a 60-percent vote. And that is an extremely difficult hurdle to overcome.

I would also like to ask this gentleman or perhaps the gentleman from Arizona [Mr. KYL], I was doing some checking on percentages of GDP that outlays were during times of conflicts. And I agree with the gentleman from Arizona that during World War II, 1943, when outlays were 44 percent, I do not think you would have had trouble with a 60-percent vote.

□ 1900

I am not saying that the gentleman would have.

I would note, though, that large amount of outlay in relation to GDP.

I would go to the Vietnam era, where I note that from 1966 on through the Vietnam era, I do not believe there is 1 year that outlays were less than 19 percent. In particular, in the later years of Vietnam, would it not have been difficult to get that 60 percent that the gentleman requires?

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

Mr. WISE. I yield to the gentleman from Arizona.

Mr. KYL. Mr. Chairman, I have the pages from the Clinton budget which have the historical percent of GDP, and that tends to be within about one-half of 1 percent. It tends to be about one-half of 1 percent different from GNP.

But if the gentleman picked 1964, was that the first year?

Mr. WISE. I am not sure I went to 1964. I think I started with 1966.

Mr. KYL. Mr. Chairman, If the gentleman will continue to yield, 1964, according to this, was 18 percent; 1965 was 17.4; 1966 was 17.8; 1967 was 18.8, and 1968 was 18.1. The highest year was 1969 at 20.2, then back down to 19.6. In 1971, it was 17.8.

Just to go on for the next 4 years, it was 18-point something, then 17 and back up to 18, did not get back up to 19 percent again until 1979. By then the war was over. And right now, the last year for which statistics are available, 1990 on this sheet, 1990 was 18.8; 1991, 18.6; 1992, 18.4; 1993 is 18.3. Members can see how close they are. And the 1994 estimate is 18.8. So even with a 19-percent limitation, there is a fair amount of leeway in there for some spending to be expanded.

Mr. WISE. Mr. Chairman, I thank the gentleman for that.

I would just point out that there is some difficulties in times of conflict with the gentleman's amendment. In terms of the direct threat to the United States, World War II, I agree with the gentleman, absolutely, no problem getting a 16 percent. I think that in times such as Vietnam, I note for instance, in the Persian Gulf, the vote was 250 to 185, a 57-percent majority, which would seem to suggest in certain circumstances a majority can declare a war. But it is going to take 60 percent to pay for it.

Mr. KYL. Mr. Chairman, if the gentleman will continue to yield, I think what these statistics demonstrate is that even in times of war we do not have to exceed 19 percent of GNP. In every case, except 1 year, 1969, we spent less than 19 percent of GDP. And therefore, we would not have to worry about the 60 percent override, because we were at the 19 percent or below anyway.

Mr. WISE. Mr. Chairman, I thank the gentleman for that.

As I say, it can be this anomaly where we can declare a war in this body by 50 percent, but we can run into trouble paying for it if we have a 60-percent requirement.

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

Mr. KYL. Mr. Chairman, I yield 2 minutes and 30 seconds to the gentlemen from California [Mr. COX].

Mr. COX. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I thank my colleague, the gentleman from Arizona [Mr. KYL] for bringing this very well-conceived and thoughtful amendment to our attention on the floor. I support it wholeheartedly.

It is known as the balanced budget and spending limitation amendment. That is 10 syllables. We better call the amendment of the gentleman from Arizona [Mr. KYL] the economic growth amendment, because it will encourage growth policies in the Congress. Only if GNP is growing does Congress get to indulge its appetite for more spending.

We have just heard here on the floor that Congress should take credit for re-

covering economies because it spends more when the economy is not doing as well. I would like Members to take a look at this chart. Take a look at what happened in 1969, the year that we were just talking about, forward all the way through 1989 to 1993 and then the projection for the Clinton budget for 1994 through 1998.

The spending has gone up regardless, in good times and in bad, in war and in peace, in boom and in bust.

I would defy Members to tell me where on this charts are the peaks and the valleys. It is a constant trend up.

The one thing that is clear is that Congress spends more money year in and year out, and it proves too much to say that the economy recovers because Congress spends more.

It is true that there is an instance here where the economy is recovering, several of them, and Congress is spending more. There are also instances where the economy heads into a downturn. We have had multiple recessions since 1969, and Congress was spending more.

The truth is that spending is the enemy, at least deficit spending is the enemy of economic growth. It is the engine of new taxes. It is the engine of interest on the debt, which now accounts for nearly 60 percent of all individual income taxes.

In fact, since 1969, the beginning of this chart, annual spending by the Federal Government has increased 800 percent. Sixty percent of next year's deficit is going to be made up of new spending that this Congress has added on over last year's levels. Congress always prefers complex era over simple truth. The simple truth is that we spend too much money. This chart shows that very clearly

Sixty percent of our income taxes owing to interest on the debt show that very clearly. Record-high tax increases soaking up our investment, crimping job creation and economic growth show that very clearly.

The Kyl amendment will see to it that we finally get a grip on spending in this Chamber and in the other body. I urge passage of the Kyl amendment.

Mr. KYL. Mr. Chairman, I yield myself 1 minute and 30 seconds.

Mr. Chairman, I want to correct what is perhaps a misunderstanding on statistics, which I read awhile ago. I was reading the percent of GNP received by the Federal Government. During the period of the Vietnam war, outlays, as a percent of GDP, starting in 1965 at 17.6 percent, were at roughly 17, 18, 19. They did get up to a high of 21 percent and then back down into the 19 percents, when the war ended, 19.3 and 19.2 percent in 1974.

So if there was a misunderstanding on that, I apologize.

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

Mr. KYL. I yield to the gentleman from West Virginia.

Mr. WISE. Mr. Chairman, my only question would be, then, from the time of 1967, it appears to me, through 1974–75, at least it was always over 19, although in some cases not by very much.

Mr. KYL. Mr. Chairman, the gentleman is correct in that. And the real big increases, of course, have just come in the last several years, which I think makes the point that we have got to get the spending back down to 19 percent of the gross national product, which, as I said before, is the historical level of receipts to the Federal Treasury. That is the whole point of a spending limit balanced budget proposal and why I think this would be the best way to achieve our objective.

Mr. Chairman, might I now inquire as to the amount of time remaining on both sides.

The CHAIRMAN pro tempore (Mr. DE LA GARZA). The gentleman from Arizona [Mr. KYL] has 12 minutes remaining, and the gentleman from West Virginia [Mr. WISE] has 10 minutes remaining.

Mr. WISE. Mr. Chairman, I reserve the balance of my time.

Mr. KYL. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. GINGRICH], the distinguished whip.

Mr. GINGRICH. Mr. Chairman, I am delighted to have a chance to speak on behalf of the Kyl substitute, because I think that the gentleman from Arizona [Mr. KYL] is making a point here that is central to what kind of America we want to be.

It is an objective fact that the size of the government ultimately has to shape the size of the Tax Code. If we have a very large government, then we are going to take more money away from people. If government is too large, the space that is available for freedom shrinks.

If a person goes to work and in the course of a year they earn, say, $25,000, but their governments, local, State, and Federal, take $10,000 of those dollars away from them, their choices, their control over their life, their ability to do things is diminished dramatically.

One of the great reasons that we have a crisis in families is that as government has risen in size, as it has grown in expenditures, taxes on working Americans have gone up dramatically.

When people worked under President Truman, as average Americans, they paid virtually no income tax. I think the average was 2 percent for an average family with three children. Virtually no income tax.

The Social Security tax in that period was $52 a year for the entire year. Today we end up in a situation where we pay a lot of taxes. We pay a lot of Social Security taxes. And, by the way, when their employer matches the amount that they pay, that is money that they had to earn or they would not have hired them in the first place.

□ 1910

The truth is most Americans are paying twice as much in Social Security taxes and Medicare taxes as they think they are, because they are earning the money. In that setting, one is always paying a very high tax, and the amount of deduction one can take per child has dropped, and the result is that the ability of the average American family to spend on their own children, to spend on their own future, to spend on their own retirement, has gone down dramatically as the size of government has gone up.

The virtue of the Kyl substitute is that it creates a Federal spending limit. It says that the Federal Government should only be a certain size, 19 percent of the gross national product. It says that we in Washington are going to have to learn to set priorities, and we cannot have government grow any faster than the economy grows. It insists that the Congress learn not to take more money out of the pockets of the American people.

Mr. Chairman, the reason I believe this is a stronger constitutional amendment for a balanced budget than just a straight balanced budget amendment is that a straight balanced budget amendment says "Let us balance the budget at whatever size it gets to," so in theory we could have a balanced budget amendment at 70 percent of gross national product, but we balanced it because we raised taxes to 70 percent of gross national product, and 70 cents out of every dollar would be going to the Federal Government, and we would only be able to keep 30 cents of that dollar.

The virtue of the so-called Kyl amendment is that it says "No, we are not going to let the government keep growing; no, we are not going to let politicians continue to reach into your wallet; no, we are not going to have big tax increases to catch up with the current size of the welfare state."

Instead, the so-called Kyl amendment says that the Congress is going to have to set standards, the Congress is going to have to set priorities. We are going to have to protect your family budget by insisting that the Congress focus on controlling the spending of the Washington budget.

For that reason, Mr. Chairman, because I think it is a stronger budget, because I think that it limits the size of government, because I think it protects families better, and because it includes a line-item veto for the President, so that he or she can enforce this kind of spending discipline, I strongly urge a yes vote on the Kyl substitute.

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

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

Mr. Chairman, my concern over the so-called Kyl amendment going to the line-item veto is, as I understand it, and I would say to the gentleman from Arizona [Mr. KYL], I would be happy to be corrected, but my understanding is that it is not just a line-item veto concerning appropriation bills. I believe it reads, a line-item veto for a bill containing any item of spending authority, so I read that to mean authorizations as well. That may be the most sweeping line-item veto that I have seen.

Mr. Chairman, if that is a correct interpretation, I would just urge my colleagues to read it very, very carefully. That is a broad, broad delegation of authority.

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

Mr. WISE. I yield to the gentleman from Arizona.

Mr. KYL. Mr. Chairman, in response to the gentleman's question, I can just say this language is identical to the language offered by President Bush when he was President, when he asked for the line-item veto authority, and I think he used the same language from his predecessor, so we took the direct language from that Justice Department and inserted it into this bill.

Mr. WISE. I thank the gentleman for a clarification. It does apply to any spending authority, which is more than just a flat-out appropriation bill, and a line item within an appropriation bill.

Mr. KYL. If the gentleman will continue to yield, if I could further respond to the gentleman, the language specifically said:

> The President shall have the power when any bill, including any vote, resolution, or order which contains any item of spending authority, is presented to him pursuant to this section of the Constitution to separately approve, reduce, or disapprove any spending provision or any part of any spending provision contained therein.

Therefore, it simply refers to the spending provisions of any vote, resolution, or order, strictly spending.

Mr. WISE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. SARPALIUS].

Mr. SARPALIUS. Mr. Chairman, I rise in opposition to the so-called Kyl amendment. I find it very frustrating, Mr. Chairman, in the debate that I have been hearing on the different proposals, where the Republicans have a tendency to blame Democrats for all of the deficit spending. I might remind my colleagues that I can recall President Reagan campaigning for President under the understanding that if the American people elected him, that he would balance the budget in 4 years. In that period of time we have created a tremendous debt. From that time on, we have been trying to dig our way out.

Mr. Chairman, my concern on the line-item veto is I have a tremendous amount of respect for our forefathers when they developed our Constitution, and by setting out three branches of government, the executive branch, the legislative branch, and the judicial branch, and each one of them have certain powers over the other.

Mr. Chairman, my concern has always been on a line-item veto, when we give the President additional power over the legislative branch, today he has the authority to veto any legislation that we give him. Under this proposal, where they say that he has the right to veto any resolution or any legislation, they give him a tremendous amount of power. The President can then come to me as a Member of Congress and say, "Bill, I really need your help on this health care bill," or whatever piece of legislation they are concerned about, "and by the way, how does that Air Force base, how important is that base to you in your district, or something else that is important to your constituents? How important are the farm subsidies that we give to our producers," things that might be of importance to me?

I think it is not wise for this body to look at an amendment that would give that much power to the President. Naturally, a President wants that power, whether it be Democrat or Republican, but I think we have to look at what is in the best interests of this institution and this legislative branch of Government, that we should not disrupt that balance of powers between each branch of government.

Mr. Chairman, I strongly urge my colleagues to vote against the so-called Kyl amendment.

Mr. KYL. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, the gentleman just made the point that we have gotten into debt, and ever since we have been trying to dig our way out. I would make this point to my colleagues, that when we are in the hole, the first thing we do is we stop digging. That is what a spending limit does. That is why we balance the budget by eliminating spending. We do not need to spend more than we get. That is the whole philosophy behind a balanced budget requirement that limits spending, we stop digging. Until we stop digging, we just keep going further in and deeper in debt. That is what we want to stop.

Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. KASICH], the ranking member of the Committee on the Budget.

Mr. KASICH. Mr. Chairman, I want to, first of all, pay tribute to the gentleman from Arizona [Mr. KYL], who has worked long and hard on his balanced budget amendment, and I would also like to take a minute to pay a big compliment to the gentleman from Texas [Mr. STENHOLM], who has put all the effort into this for a number of years, including the efforts to discharge this bill onto the House floor, and to the gentleman from Oregon [Mr. SMITH], who has been very involved in this as well.

Mr. Chairman, I want to say a couple things about this bill, in light of the fact that we are struggling every day on the Committee on the Budget with trying to put budgets together that make sense.

The reason why the balanced budget amendment is necessary, Mr. Chairman, is because it will force the Members of Congress to have to sit down and become very creative and very imaginative, and also very pointed about what the role of the Federal Government ought to be, just the way when a family faces their budget, they have to sit down and they have to make choices and they have to be creative.

Mr. Chairman, this is not just a matter of cutting, it is a matter of creativity and innovation. It is also a matter of trying to define what the proper role of the government is.

The reason why I like the so-called Kyl amendment so much is because it limits the size and the scope of the Federal Government to a certain level, about 19 percent, which has been the historic revenues that have been generated by the Federal Government. However, under the so-called Stenholm balanced budget amendment, and also the Kyl amendment, the bottom line is it forces the Congress to come to grips with the fact that we just cannot keep taxing and spending and growing the size of government and ringing up more red ink.

□ 1920

Now, I am sure there are people who would stand and say, "Well, Mr. KYL, how would you get there? How would you do this specifically?"

What I would tell you is if the Kyl amendment would pass, we would immediately convene a meeting of the members of the Committee on the Budget, probably starting with the Republican members of the Committee on the Budget, and we would sit down, and we would define basically and fundamentally what our view is of the Federal Government, what activities it ought to be involved in, which activities can be run more effectively by the private sector, how is it that we can give States more authority and eliminate all the stupid rules and regulations that get in the way of being able to efficiently deliver services. It would force us for the first time in a long time to truly be creative and not to pass on more debt to future generations and not try to take responsibility for it up here on the Hill.

So if people say, "Well, how would you ever get there," what I can tell you is that you put the gentleman from Texas [Mr. STENHOLM], the gentleman from California [Mr COX], the gentleman from Arizona [Mr. KYL], and JOHN KASICH in a room with a bal-

anced-budget amendment passing this House, and we will be creative and innovative enough to come up with a Government the American people would buy into, a Federal Government that would be limited in scope and that would be a Federal Government that would act only as a last resort when people could not act for themselves or the private sector could not solve problems.

Unfortunately today with the mentality that we have, if there is a problem, our first reaction, or too many people's first reaction is what can the Government do to solve it. What I think the reaction would be if we passed the Kyl balanced-budget amendment would be what can we do to solve this problem and restore creativity for Americans to work to solve problems on their own, and use Government as a last resort.

Mr. WISE. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I rise obviously in opposition to the Kyl amendment.

A lot of points have been made already, but I want to quickly summarize some that have not.

First of all, I am concerned about the Kyl amendment, because with the limitation of 19 percent written into the Constitution of the United States with a 60-percent vote required to waive that provision, it makes it very difficult for the Government in times of emergency, exigency, urgency, whatever, to respond to sudden situations. I am also concerned, because as we discussed the role of Government in a recession, what we did not talk about but which we need to consider is that in a recession, an economy by definition is contracting. It is growing smaller, not bigger.

The Kyl amendment triggers its 19 percent to the GDP, the gross domestic product, so as the economy gets smaller, the Kyl amendment would say that you are going to have to cut resources that you would ordinarily use to fight that recession. You are going to have to cut them further, and at least, that is the way I read it, or you are going to have to get 60 percent.

Once again, unfortunately, not too many people are always prescient enough exactly to know when they are in a recession to respond, but they do know when they need to respond.

The war situation we have talked about. I am concerned. I believe the gentleman is very sincere in his belief that that would not be a problem, but I do not think you leave anything to doubt in a constitutional amendment, that can only be amended further by two-thirds.

So you have a situation where it is conceivably possible, and not that far remote, that a majority can vote to go to war, but you may not get the 60 percent necessary to pay for the war or the military conflict.

The line-item veto, I have great concerns about that. This is the big enchilada. It is all wrapped up as a twofer. You not only get the budget-balancing part of it, you get the line-item veto as well.

Probably no matter who supported it or introduced it, the language is very clear that it is a sweeping line-item veto and goes to any spending authorization, any spending provision, or any part of any spending provision contained therein. The President can already veto a bill, an authorization, or an appropriation bill. This permits him, as I read it, to go into any spending provision of any bill and pull it out, and I think that is a very dangerous precedent to start.

I will quote from Alan Greenspan, Chairman of the Federal Reserve:

> Any attempt to employ, for example, the gross national product as a measure to guide expenditure growth confronts the obvious problem that the GNP is continually undergoing redefinition with respect to inclusion and coverage.

He wrote or spoke of that in 1979 in a congressional hearing before the Subcommittee on Monopolies and Commerce, in March 1979. Interestingly enough, the GNP, of course, has now been redefined, as the gentleman from Arizona pointed out.

How does the constitutional 19 percent apply to that?

And finally, he writes something we should all be remembering here:

> Remember, a constitutional amendment must be as meaningful 50 years from now as today. Various statistical measures such as the gross national product or Consumer Price Index are not likely to live in perpetuity in their current form.

For all of these reasons, plus the fact that the Wise-Pomeroy-Price-Furse amendment has both capital budgeting and removes Social Security off budget, I would urge rejection of the Kyl amendment.

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

Mr. KYL. Mr. Chairman, I yield myself 4½ minutes, the remainder of my time.

Mr. Chairman, in order to close this debate on the Kyl amendment, let me first of all refer to some of the closing arguments made by the colleague, the gentleman from West Virginia, who, as I will say again, has certainly conducted a meaningful debate here. I think his first point was that in many cases 60 percent would be awfully hard to get in order to override the budget limitation, the spending limitation, in our balanced-budget amendment. That is, of course, absolutely true. That is why you have a 60-percent limit. It is not as hard as two-thirds, for example, to override a Presidential veto. That has been done before. One of the first things I did when I got here was to vote to override a veto of President Reagan. It can be done. Sixty percent is a little bit easier that that.

It ought to be hard. It ought to be limited to times of emergency. If you can get to 60 percent in that time, then, of course, it is appropriate.

I might add that if you do not have that kind of limitation, then what we are going to do is the same old things we have done year after year after year, in fact, week after week in this body, when we pass rules with a majority vote to waive the Budget Act, waive the Gramm-Rudman law, to waive all of the other restraints that are supposed to limit spending in this body but which we routinely waive because we can do so with a mere majority vote. That is why we add the other 10 percent in there, to give ourselves a little bit more of an opportunity to act responsibility in this body. So is 60 percent going to be hard sometimes in order to waive the spending limitation? You bet it is. I hope it is. That is why it is there.

The next point, in recession times, it might be hard to get 60 percent, and that would really be a tough thing, because government needs to spend more money in a recession. Well, two or three arguments: First of all, under the provision in the Wise amendment as I calculate it, almost half of the years would result in exceeding the budget limitation, and, well, not having a balanced-budget requirement under the Wise amendment. I think that it is obviously too weak.

What we do is to say that, again, Congress can, with a 60-percent majority, override this budget limitation, this spending limitation, and I think that it is interesting here that we have basically heard two arguments about the balanced budget.

The first argument is this, that we were elected to come back here and make the tough decisions, we do not need a straitjacket of a constitutional amendment to tell us what to do. "Don't you trust the Congress?" And then the next argument, of course, is, "Well now, wait a minute, it might be hard to get 60 percent, and we cannot trust the Congress to make that kind of tough choice, to make that kind of decision to override the limitation here and spend money on people when it needs to be spent like unemployment compensation and so on."

Well, Mr. Chairman, you cannot have it both ways. You know, I think we do need to trust the Congress to some extent. I do want to put a limitation on there and say control the growth of Government to the growth of the economy; control spending to revenues. If you do that, I trust the Congress to make those tough choices within what is permitted, and on occasion when it is called for, to exceed with a 60-percent majority the limitation that otherwise would be required.

Finally, the argument that the gross national product definition would be perhaps subjected to change, that, of

course, is true. I think it is less subject to change than the definition of capital budget contained in the Wise amendment, a point that I made earlier.

I think we would simply have to rely on the legislative history in adopting such an amendment to make it clear that we mean the kind of gross national product calculation that has been in effect for all the years we have been quoting here in this debate today.

Besides which, of course, we have article V of the Constitution that permits amendment to the Constitution should the Congress get too carried away and try to do something that was not called for. I suspect that any of the four proposals before us could be fudged if Congress wanted to do so badly enough. But that is why we have this 60-percent pop-off valve, this 60-percent override in here.

I think that probably represents a pretty good compromise. Three of the proposals contain the 60-percent override provision, the Stenholm-Smith, the Kyl, and the Barton amendments, which all contain that. I think it is a good idea.

Mr. Chairman, in conclusion, this proposal, the Kyl amendment, is endorsed by Americans for Tax Reform, Citizens Against Government Waste, Citizens for a Sound Economy, Free the Eagle, National Association of Manufacturers, National Roofing Contractors Association, National Tax Limitation Committee, National Taxpayers Union, and others.

□ 1930

It was endorsed in the Washington Times lead editorial this morning; it was given favorable, very favorable treatment in articles by William F. Buckley and Walter Williams this morning in the Washington Times and in many other items.

This is an idea which has been tested in the States, it is an idea which works very well in my home State of Arizona, where I got the original idea. It is an idea that can be applied to the Federal budget. It has been applied in the Humphrey/Hawkins law, as I said, in the past. But it is time to adopt the spending limitation as a means to balance the budget. And for this reason I urge an "aye" vote on the Kyl substitute.

Mr. PACKARD. Mr. Chairman, I rise in support of the balanced budget-spending limitation amendment offered by Mr. KYL from Arizona.

Mr. KYL's amendment indexes Federal spending to gross national product [GNP]. For the past 40 years, revenues to the Treasury have averaged around 19 percent of GNP. By establishing 19 percent as a benchmark, the Kyl amendment attacks irresponsible congressional fiscal practices where it lives: Our problem is not lack of revenues, it is out-of-control spending.

Mr. KYL's amendment also includes a true line-item veto for the President, allowing him to separately approve, reduce, or disapprove any spending provision in a bill.

The last time the Federal budget was balanced was 1969. Since then, spending in inflation adjusted terms has grown 71 percent faster than revenues. Clearly, even though the liberal leadership of Congress resorts to the politics of class conflict, calling on the rich to "pay their fair share," higher taxes will do nothing to dig us out of the hole we are in. Spending is the problem, and spending will be brought under control if we pass the Kyl amendment.

Consider these statistics: The United States sinks deeper into debt to the tune of $20,000 each second. To pay the interest on this debt will cost $295 billion this year; this means 62 cents out of every income tax dollar you send to Washington goes to pay this debt. In the last 30 years, Congress has balanced the budget only once, and has raised taxes 56 times. Anyone who believes that profligate spending is not the problem, and lack of sufficient revenue is, must be a liberal Democrat with pet government programs to spend American's hard earned money on.

Spending is the problem. The Kyl amendment addresses this problem.

I urge my colleagues to support it.

The CHAIRMAN. All time has expired.

The question is on the amendment in the nature of a substitute offered by the gentleman from Arizona [Mr. KYL].

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. WISE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 179, noes 242, not voting 17, as follows:

[Roll No. 60]

AYES—179

Allard
Andrews (NJ)
Archer
Armey
Bacchus (FL)
Bachus (AL)
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barrett (NE)
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehner
Bonilla
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Clinger
Coble
Collins (GA)
Combest
Cooper
Cox
Crane
Crapo
Cunningham
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Emerson
Everett
Ewing
Fawell
Fields (TX)
Fish
Fowler
Franks (CT)
Franks (NJ)
Gallegly
Gekas
Geren
Gilchrest
Gillmor
Gingrich
Goodlatte
Goodling
Goss
Grams
Greenwood
Hall (TX)
Hancock
Hansen
Hastert
Hefley
Herger
Hoagland
Hobson
Hoekstra
Horn
Houghton
Huffington
Hunter
Hutchinson
Hyde
Inglis
Inhofe
Istook
Johnson (CT)
Johnson, Sam
Kasich
Kim
King
Kingston
Klug
Knollenberg
Kolbe
Kyl
Lazio
Leach
Levy
Lewis (CA)
Lewis (FL)
Lightfoot
Linder
Livingston
Machtley
Manzullo
McCandless
McCollum
McCrery
McHugh
McInnis
McKeon
McMillan
Meyers
Mica
Michel
Miller (FL)
Molinari
Moorhead
Nussle
Oxley
Packard
Pallone
Paxon
Petri
Pombo
Porter
Portman
Poshard
Pryce (OH)
Quillen
Quinn
Ramstad
Ravenel
Regula
Ridge
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Royce
Santorum
Saxton
Schaefer
Schenk
Schiff
Sensenbrenner
Shays
Shepherd
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Swett
Talent
Tauzin
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (WY)
Torkildsen
Upton
Vucanovich
Walker
Walsh
Weldon
Wolf
Young (AK)
Zeliff
Zimmer

NOES—242

Abercrombie
Ackerman
Andrews (ME)
Andrews (TX)
Applegate
Baesler
Barca
Barlow
Barrett (WI)
Becerra
Beilenson
Berman
Bevill
Bishop
Blackwell
Boehlert
Bonior
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Byrne
Cantwell
Cardin
Carr
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Coppersmith
Costello
Coyne
Cramer
Danner
Darden
de la Garza
de Lugo (VI)
Deal
DeFazio
DeLauro
Dellums
Derrick
Deutsch
Dicks
Dingell
Dooley
Durbin
Edwards (CA)
Edwards (TX)
Engel
English
Eshoo
Evans
Faleomavaega (AS)
Fazio
Fields (LA)
Filner
Fingerhut
Flake
Foglietta
Ford (TN)
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gordon
Gunderson
Gutierrez
Hall (OH)
Hamburg
Hamilton
Harman
Hayes
Hefner
Hilliard
Hinchey
Hochbrueckner
Hoke
Holden
Hoyer
Hughes
Hutto
Inslee
Jacobs
Jefferson
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kleczka
Klein
Klink
Kopetski
Kreidler
LaFalce
Lambert
Lancaster
Lantos
LaRocco
Laughlin
Lehman
Levin
Lewis (GA)
Lipinski
Lloyd
Long
Lowey
Maloney
Mann
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCloskey
McCurdy
McDade
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Mollohan
Montgomery
Moran
Morella
Murphy
Murtha
Myers
Nadler
Neal (MA)
Neal (NC)
Norton (DC)
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Parker
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Penny
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Pomeroy
Price (NC)
Rahall
Rangel
Reed
Richardson
Roemer
Romero-Barcelo (PR)
Rose
Roukema
Rowland
Roybal-Allard
Sabo
Sanders
Sangmeister
Sarpalius
Schroeder
Schumer
Scott
Serrano
Sharp
Shaw
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Spratt
Stark
Stenholm
Stokes
Strickland
Studds

Stupak	Traficant	Waxman
Swift	Underwood (GU)	Wheat
Synar	Unsoeld	Whitten
Tanner	Valentine	Williams
Tejeda	Velazquez	Wilson
Thompson	Vento	Wise
Thornton	Visclosky	Woolsey
Thurman	Volkmer	Wyden
Torres	Washington	Wynn
Torricelli	Waters	Young (FL)
Towns	Watt	

NOT VOTING—17

Dixon	Hastings	Rush
Farr	Manton	Sawyer
Ford (MI)	Moakley	Smith (IA)
Gallo	Natcher	Tucker
Grandy	Reynolds	Yates
Green	Rostenkowski	

□ 1951

The Clerk announced the following pair:

On this vote:

Mr. Grandy for, with Mr. Green against.

Messrs. WYNN, BARCA of Wisconsin, VENTO, and ANDREWS of Texas changed their vote from "aye" to "no".

Messrs. BILIRAKIS, DELAY, and TAUZIN, and Ms. SCHENK changed their vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. WISE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. DERRICK) having assumed the chair, Mr. SKAGGS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H.J. Res. 103) proposing an amendment to the Constitution to provide for a balanced budget for the U.S. Government and for greater accountability in the enactment of tax legislation, had come to no resolution thereon.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3345, FEDERAL WORKFORCE RESTRUCTURING ACT OF 1994

Mr. FROST, from the Committee on Rules, submitted a privileged report (Rept. No. 103-436) on the resolution (H. Res. 388) waiving points of order against the conference report to accompany the bill (H.R. 3345) to amend title 5, United States Code, to eliminate certain restrictions on employee training; to provide temporary authority to agencies relating to voluntary separation incentive payments; and for other purposes, which was referred to the House Calendar and ordered to be printed.

HOUR OF MEETING ON TOMORROW

Mr. FROST. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. tomorrow.

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

There was no objection.

FOOD STAMP PROGRAM IMPROVEMENTS ACT OF 1994

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1926) to amend the Food Stamp Act of 1977 to modify the requirements relating to monthly reporting and staggered issuance of coupons for households residing on Indian reservations, to ensure adequate access to retail food stores by food stamp households, and to maintain the integrity of the food stamp program, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

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

Mr. ROBERTS. Mr. Speaker, reserving the right to object, I do so to yield to the distinguished chairman of the Committee on Agriculture, the gentleman from Texas [Mr. DE LA GARZA], to explain the Senate bill, the Food Stamp Program Improvements Act of 1994.

Mr. DE LA GARZA. Mr. Speaker, will the right honorable gentleman yield?

Mr. ROBERTS. Mr. Speaker, I am delighted to yield to my distinguished colleague, the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Speaker, I will be most happy to edify the gentleman from Kansas on the contents of the legislation.

Mr. Speaker, this bill is basically the contents of H.R. 3436 that passed earlier in the session in this House, with some minor modifications by the Senate.

Mr. Speaker, S. 1926 amends the Food Stamp Act to address two important objectives. First, it incorporates the provisions of H.R. 3436, a bill passed by the House last November, to ensure that food stamp recipients continue to have adequate access to a variety of retail food stores to acquire nutritious foods, and to provide additional authority to the Secretary of Agriculture to enhance USDA's efforts at reducing fraud in the Food Stamp Program. Second, S. 1926 includes provisions added by the Senate to address monthly reporting and food stamp issuance concerns of food stamp recipients living on Indian reservations.

With respect to the first objective, this legislation will correct an unintended situation which threatens to eliminate the authorization for thousands of small retail stores to accept food stamps for food purchases.

In reauthorizing food stamp retailers, the Food and Nutrition Service has determined that a number of small retailer establishments no longer meet the technical definition of retail food store in the Food Stamp Act, even though many have participated in the program for years.

USDA has informed the Committee on Agriculture that these stores will have their authorization to participate in the Food Stamp Program withdrawn.

This action threatens to deny ready access by food stamp households to food stores, creating an acute problem in many rural areas and in inner cities where there are few supermarkets. The provisions of H.R. 3436, incorporated into S. 1926, will remedy this situation.

Currently, the Food Stamp Act requires that an eligible retail food store have over 50 percent of its food sales volume in staple foods.

S. 1926 will make a retail food store eligible to participate in the Food Stamp Program if it meets one or the other of the following conditions:

If the store has over 50 percent of its total sales volume—not simply its food sales volume—in staple foods, or; if the store offers, on a continuous basis, a variety of food in each of four categories of staple foods, and sells perishable foods in at least two of these categories of staple foods.

Either of these requirements will ensure that only those stores which sell a significant number of staple foods will be eligible to participate. The bill defines staple food categories as: (1) meat, poultry and fish; (2) bread or cereals; (3) vegetables or fruits; and (4) dairy products.

The bill does not change the current prohibition on the participation of certain types of stores, such as those that sell only accessory foods, including spices, candy, soft drinks, tea, or coffee; ice cream vendors; and doughnut shops.

S. 1926 requires that the Secretary of Agriculture prepare a report for the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry, within 18 months, on the impact on the Food Stamp Program of the change in the definition of retail food store.

The bill also amends the Food Stamp Act to strengthen the authority of the Secretary to maintain program integrity. It permits the use and disclosure of information provided by retail food stores and wholesale food concerns to law enforcement and investigative agencies investigating abuses of the Food Stamp Act or other Federal or State laws.

The bill imposes penalties on those who publish, divulge, or disclose any of the information obtained in such an investigation if not authorized by Federal law.

S. 1926 requires that the Secretary use up to $4 million for specific kinds of demonstration projects. This funding is provided only to help State or local food stamp agencies test new ideas for working with State or local law enforcement agencies to investigate and prosecute street food stamp trafficking. Trafficking in food stamps has always been prohibited by the Food Stamp Act.

S. 1926 addresses two concerns of food stamp recipients living on Indian reservations, those involving monthly reporting and staggered issuance of benefits. First, the bill prohibits a State food stamp agency from requiring monthly reporting of households on Indian reservations unless the agency:

Is requiring such monthly reports at the time of enactment of this legislation; grants a grace

period of 1 month after the end of the month in which the monthly report is normally due during which time the State agency does not delay, reduce, suspend, or terminate benefits; reinstates benefits, without requiring a new application, to households that file a complete report during the month following the grace period; and certifies monthly reporting households for 2 years, unless there is an approved cause for a shorter period.

Second, these provisions affecting households living on Indian reservations require that, if a tribal organization requests, a State agency must stagger the issuance of food stamp benefits over at least 15 days a month.

Finally, S. 1926 requires the General Accounting Office to conduct a study on the feasibility and desirability of increasing the opportunity of Indian tribal organizations to administer the Food Stamp Program on Indian reservations by modifying or eliminating requirements that tribal organizations share in administrative costs, and permitting tribal organizations to establish different issuance, reporting, and certification requirements.

Staff at the Congressional Budget Office has advised us that this bill has only insignificant costs and savings, and is therefore budget neutral.

Last November, because of difficulty in finding a compromise on the issues affecting households on Indian reservations, legislation was enacted to suspend until March 15, 1994, the implementation of the several Food Stamp Act provisions affecting retail food stores and households living on Indian reservations. I urge the Secretary to take notice of the will of the Congress on these issues, the Senate having passed this bill on March 11, and the House passing it today. We are assured that the President will sign this important legislation. Therefore, I would not expect USDA to take action under current law during the time between March 15 and the day on which the President signs this bill. Further, neither the Department nor State agencies should be considered negligent for not taking such action.

This legislation will make very necessary and needed changes in the Food Stamp Program. After reviewing the language and its added provisions for Indian reservations, the members of the Committee on Agriculture are agreeable to accepting S. 1926. I urge its adoption.

Mr. ROBERTS. Mr. Speaker, I rise in support of S. 1926 as the chairman has described it. The minority, or at least this Member of the minority, supports the bill.

Mr. Speaker, I rise in support of S. 1926, a bill to ensure adequate access to retail food stores for food stamp participants; to change the requirements concerning monthly reporting and staggered issuance for families living on Indian reservations; to require a study by GAO as to the feasibility of tribal organizations to administer the Food Stamp Program on reservations; and, to maintain the integrity of the Food Stamp Program.

Title I of S. 1926 changes the requirements of the Food Stamp Act relating to the administration of the program for people living on Indian reservations. The secretary of the Kansas Department of Social and Rehabilitation Services has been urging action on the issue relating to monthly reporting and staggered issuance of food stamp benefits on Indian reservations. The secretary believes, as do most other States affected by these provisions, that unnecessary hardships for food stamp participants and unnecessary work for administrators will result without the changes incorporated in S. 1926. I am pleased that the differences concerning these provisions have been resolved and that State administrators support this bill.

Additionally, GAO is required to study the feasibility of allowing the tribal organization of an Indian tribe on a reservation to administer the Food Stamp Program. Currently the Food Stamp Act provides limited ability for such administration. The GAO study will explore this option and report to the Committee on Agriculture by December 1, 1994.

Title II of the bill under consideration today incorporates a bill passed by the House of Representatives last year, H.R. 3436, in which the definition of retail food stores that can accept food stamp coupons was changed. Additionally, other provisions are included to strengthen the enforcement of the provisions relating to retail food stores: to allow information provided by retail food stores to be shared with law enforcement officials; and, to require that the secretary spend up to $4 million on pilot projects designed to improve the investigation and prosecution of food stamp trafficking.

Several retail food stores in Kansas advised me of the need to change this definition in order to move away from only a sales based test and take into account the variety of staple foods sold in food stores. S. 1926 includes the amendments needed to make these changes.

I urge my colleagues to support this bill.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The clerk read the Senate bill, as follows:

S. 1926

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 "Food Stamp Program Improvements Act of 1994".

TITLE I—REPORTING AND STAGGERED ISSUANCE FOR HOUSEHOLDS ON RESERVATIONS

SEC. 101. BUDGETING AND MONTHLY REPORTING ON RESERVATIONS.

(a) IN GENERAL.—Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking clause (ii); and

(B) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively; and

(2) by adding at the end the following new subparagraph:

"(C) A State agency may require periodic reporting on a monthly basis by households residing on a reservation only if—

"(i) the State agency reinstates benefits, without requiring a new application, for any household residing on a reservation that submits a report not later than 1 month after the end of the month in which benefits would otherwise be provided;

"(ii) the State agency does not delay, reduce, suspend, or terminate the allotment of a household that submits a report not later than 1 month after the end of the month in which the report is due;

"(iii) on the date of enactment of this subparagraph, the State agency requires households residing on a reservation to file periodic reports on a monthly basis; and

"(iv) the certification period for households residing on a reservation that are required to file periodic reports on a monthly basis is 2 years, unless the State demonstrates just cause to the Secretary for a shorter certification period.".

(b) CONFORMING AMENDMENTS.—

(1) The second sentence of section 3(c) of such Act (7 U.S.C. 2012(c)) is amended by striking "For" and inserting "Except as provided in section 6(c)(1)(C), for".

(2) Section 5(f)(2)(C) of such Act (7 U.S.C. 2014(f)(2)(C)) is amended by striking "clauses (i), (ii), (iii), and (iv)" and inserting "clauses (i), (ii), and (iii)".

SEC. 102. STAGGERED ISSUANCES ON RESERVATIONS.

Section 7(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(h)(1)) is amended by striking the second sentence and inserting the following new sentence: "Upon the request of the tribal organization that exercises governmental jurisdiction over the reservation, the State agency shall stagger the issuance of benefits for eligible households located on reservations for at least 15 days of a month.".

SEC. 103. GAO STUDY AND REPORT ON ADMINISTRATION OF FOOD STAMP PROGRAM BY TRIBAL ORGANIZATIONS.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of the feasibility and desirability of—

(1) increasing the opportunity for a tribal organization of an Indian tribe to administer the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) in connection with members of the tribe by—

(A) modifying the requirements established under sections 3(n)(2) and 11(d) of such Act (7 U.S.C. 2012(n)(2) and 2020(d));

(B) modifying or eliminating the cost-sharing requirements established for the tribal organization under section 16(a) of such Act (7 U.S.C. 2025); and

(C) taking such other actions as the Comptroller General considers appropriate; and

(2) permitting the tribal organization to establish reasonable and appropriate requirements with respect to issuance, reporting, and certification requirements under the food stamp program for members of the tribe.

(b) REPORT.—Not later than December 1, 1994, the Comptroller General shall report the results of the study required under subsection (a) to the Committee on Agriculture, and the Subcommittee on Native American Affairs of the Committee on Natural Resources, of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Indian Affairs, of the Senate, so that the results of the study may be considered by the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate during the reauthorization of the food stamp program during 1995.

SEC. 104. CONFORMING AMENDMENTS.

(a) Section 908 of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102-237; 7 U.S.C. 2015 note) is repealed.

(b) Section 6(c)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2105(c)(4) is amended by striking "Any" and inserting "Except as provided in paragraph (1)(C), any".

TITLE II—ACCESS TO RETAIL FOOD STORES BY FOOD STAMP HOUSEHOLDS

SEC. 201. FOOD STAMP ACT DEFINITIONS.

Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended—

(1) in subsection (k)—

(A) by striking "means (1) an establishment" and all that follows through "spices, (2) an establishment" and inserting the following: "means—

"(1) an establishment or house-to-house trade route that sells food for home preparation and consumption and—

"(A) offers for sale, on a continuous basis, a variety of foods in each of the 4 categories of staple foods specified in subsection (u)(1), including perishable foods in at least 2 of the categories; or

"(B) has over 50 percent of the total sales of the establishment or route in staple foods, as determined by visual inspection, sales records, purchase records, counting of stockkeeping units, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry;

"(2) an establishment;

(B) by striking "section (3) a store" and inserting the following: "section;

"(3) a store"; and

(C) by striking "section, and (4) any private" and inserting the following: "section, and

"(4) any private"; and

(2) by adding at the end the following new subsection:

"(u)(1) Except as provided in paragraph (2), 'staple foods' means foods (as defined in subsection (g)) in the following categories:

"(A) Meat, poultry, or fish.

"(B) Bread or cereals.

"(C) Vegetables or fruits.

"(D) Dairy products.

"(2) 'Staple foods' do not include accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices."

SEC. 202. PERIODIC NOTICE.

Paragraph (2) of section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)(2)) is amended to read as follows:

"(2) The Secretary shall issue regulations providing for—

"(A) the periodic reauthorization of retail food stores and wholesale food concerns; and

"(B) periodic notice to participating retail food stores and wholesale food concerns of the definitions of 'retail food store', 'staple foods', 'eligible foods', and 'perishable foods'.".

SEC. 203. USE AND DISCLOSURE OF INFORMATION PROVIDED BY RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(C)) is amended—

(1) in the second sentence, by inserting after "disclosed to and used by" the following: "Federal law enforcement and investigative agencies and law enforcement and investigative agencies of a State government for the purposes of administering or enforcing this Act or any other Federal or State law and the regulations issued under this Act or such law, and";

(2) by inserting after the second sentence the following new sentence: "Any person who publishes, divulges, discloses, or makes known in any manner or to any extent not authorized by Federal law (including a regulation) any information obtained under this subsection shall be fined not more than $1,000 or imprisoned not more than 1 year, or both."; and

(3) in the last sentence, by striking "Such purposes shall not exclude" and inserting the following: "The regulations shall establish the criteria to be used by the Secretary to determine whether the information is needed. The regulations shall not prohibit".

SEC. 204. DEMONSTRATION PROJECTS TESTING ACTIVITIES DIRECTED AT TRAFFICKING IN COUPONS.

Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended by adding at the end the following new subsection:

"(1) The Secretary shall use up to $4,000,000 of the funds provided in advance in appropriations Acts for projects authorized by this section to conduct demonstration projects in which State or local food stamp agencies test innovative ideas for working with State or local law enforcement agencies to investigate and prosecute coupon trafficking.".

SEC. 205. CONTINUING ELIGIBILITY.

An establishment or house-to-house trade route that is otherwise authorized to accept and redeem coupons under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) on the day before the date of enactment of this Act shall be considered to meet the definition of "retail food store" in section 3(k) of such Act (7 U.S.C. 2012(k)) (as amended by section 201) until the earlier of—

(1) the periodic reauthorization of the establishment or route; or

(2) such time as the eligibility of the establishment or route for continued participation in the food stamp program is evaluated for any reason.

SEC. 206. REPORT ON IMPACT ON RETAIL FOOD STORES.

Not later than 18 months after the date of enactment of this Act, the Secretary of Agriculture shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the impact of the amendments made by sections 201 and 202 on the involvement of retail food stores in the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), including a description of—

(1) the numbers and types of stores that were newly authorized to participate in the food stamp program after implementation of the amendments;

(2) the numbers and types of stores that were withdrawn from the food stamp program after implementation of the amendments;

(3) the procedures used by the Secretary, and the adequacy of the procedures used, to determine the eligibility of stores to participate in the food stamp program and to authorize and reauthorize the stores to participate in the food stamp program;

(4) the adequacy of the guidance provided by the Secretary to retail food stores concerning—

(A) the definitions of "retail food store", "staple foods", "eligible foods", and "perishable foods" for purposes of the food stamp program; and

(B) eligibility criteria for stores to participate in the food stamp program; and

(5) an assessment of whether the amendment to the definition of "retail food store" under section 3(k) of such Act (as amended by section 201(1))

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material, on S. 1926, the Senate bill just passed.

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

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, March 15, 1994.

Hon. THOMAS S. FOLEY,
The Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Tuesday, March 15, 1994 at 2:42 p.m. and said to contain a special message from the President whereby he transmits the Reemployment Act of 1994.

With great respect, I am

Sincerely yours,

DONNALD K. ANDERSON,
Clerk, U.S. House of Representatives.

REEMPLOYMENT ACT OF 1994—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor, the Committee on Ways and Means, the Committee on the Judiciary, and the Committee on Veterans' Affairs and ordered to be printed:

To the Congress of the United States:

I am pleased to transmit today for your immediate consideration and prompt enactment the "Reemployment Act of 1994". Also transmitted is a section-by-section analysis. This legislation is vital to help Americans find new jobs and build sustainable careers.

Our current set of programs was designed to meet the different needs of an earlier economy. People looking for help today confront a confusing, overlapping, and duplicative tangle of programs, services, and rules. Job seekers—whether unemployed or looking for better jobs—have a difficult time getting the information they need: What benefits and services are available to them? Where can they get good quality training? What do they need to know to find and hold good jobs and to build sustainable careers?

The underlying problem is the lack of a coherent employment and training system. Instead, we have many disconnected, category-based programs—each with distinct eligibility requirements, operating cycles, and program standards. We need a true system of lifelong learning—not the current hodgepodge of programs, some of which work, and some of which don't. The legislation I am transmitting today is an important first step in building this system.

We need to build a reemployment system because our current unemployment system no longer delivers what many American workers need. In the past, when a worker lost a job, he or she often returned to that job as soon as the business cycle picked up again and the company was ready to rehire. The unemployment system was designed to tide workers over during temporary dry spells. Today, when a worker loses a job, that job often is gone forever.

Our economy has generated new jobs. In 1993 alone, 1.7 million new private sector jobs were created—more than in the previous 4 years combined. While the jobs exist, the pathways to them aren't always clear.

The Reemployment Act of 1994 strives to fix this. It is based on evidence of what works for getting workers into new and better jobs. Programs that work are customer-driven, offering customized service, quality information, and meaningful choices. Programs that work provide job search assistance to help dislocated workers become reemployed rapidly, feature skill training connected to real job opportunities, and offer support services to make long-term training practical for those who need it.

The Act reflects six key principles:

First is universal access and program consolidation. The current patchwork of dislocated worker programs is categorical, inefficient, and confusing. The Reemployment Act of 1994 will consolidate six separate programs into an integrated service system that focuses on what workers need to get their next job, not the reason why they lost their last job.

Second is high-quality reemployment services. Most dislocated workers want and need only information and some basic help in assessing their skills and planning and conducting their job search. These services are relatively simple and inexpensive, and they have been shown to pay off handsomely in reducing jobless spells.

Third is high-quality labor market information, which must be a key component of any reemployment effort. The labor market information component of the Reemployment Act of 1994 will knit together various job data systems and show the way to new jobs through expanding access to good data on where jobs are and what skills they require.

Fourth is one-stop service. At a recent conference that I attended on "What is Working" in reemployment efforts, a common experience of workers was the difficulty of getting good information on available services. Instead of forcing customers to waste their time and try their patience going from office to office, the system will require States to coordinate services for dislocated workers through career centers. It allows States to compete for funds to develop a more comprehensive network of one-stop career centers to serve under one roof anyone who needs help getting a first, new, or better job, and to streamline access to a wide range of job training and employment programs.

The fifth principle of the legislation is effective retraining for those workers who need it to get a new job. Some workers need retraining. The Reemployment Act of 1994 will also provide workers financial support when they need it to let them complete meaningful retraining programs.

Sixth is accountability. The Reemployment Act of 1994 aims to restructure the incentives facing service providers to begin focusing on workers as customers. Providers who deliver high-quality services for the customer and achieve positive outcomes will prosper in the new system. Those who fail to do so will see their funding dry up.

The Reemployment Act of 1994 will create a new comprehensive reemployment system that will enhance service, improve access, and assist Americans in finding good new jobs. This is a responsible proposal that is fully offset over the next 5 years.

I urge the Congress to give this legislation prompt and favorable consideration so that Americans will have available a new, comprehensive reemployment system that works for everyone.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *March 15, 1994.*

COMMUNICATION FROM THE SERGEANT AT ARMS

The SPEAKER pro tempore laid before the House the following communication from the Sergeant at Arms of the House of Representatives:

OFFICE OF THE SERGEANT AT ARMS,
HOUSE OF REPRESENTATIVES,
Washington, DC, March 15, 1994.

Hon. THOMAS S. FOLEY,
Speaker, House of Representatives, Washington, DC

DEAR MR. SPEAKER: This is to formerly notify you pursuant to Rule L (50) of the Rules of the House that a subpoena issued by the Superior Court of the District of Columbia for information concerning a member of the United States Capitol Police.

After consultation with the General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and precedents of the House.

Sincerely,

WERNER W. BRANDT,
Sergeant at Arms.

S. 1114 THREATENS ESSENTIAL COMPONENTS OF THE CLEAN WATER ACT

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

Mr. ALLARD. Mr. Speaker, members of the Colorado State House of Representatives and State Senate recently informed me of their opposition of S. 1114, which will seriously hinder the flexibility of both the State and localities in Colorado and this Nation.

The Clean Water Act has made considerable progress in achieving its goal of restoring the biological integrity of the Nation's water. Seventy-five percent of the Nation's waters are in compliance with the standards now set by the EPA.

The legislative proposals in S. 1114 severely threaten the flexibility of the States to operate in an innovative manner in creating programs to meet and go beyond the Clean Water Act goals.

If S. 1114 passes, federally supervised zoning and land use programs would be put into effect. This is the last thing the States and localities of Colorado and this Nation need in helping clean up our water.

Colorado and other States continue to succeed at meeting the expectations of the EPA. But, they need the flexibility to adopt policies which are tailored to their needs.

That is why I'm sharing with you the following resolution.

HOUSE JOINT RESOLUTION 94-1015

Whereas, The United States Congress is considering measures to reauthorize the federal Clean Water Act in S. 1114; and

Whereas, The Clean Water Act has made considerable progress toward its stated goal to restore and maintain the chemical, physical, and biological integrity of the nation's water with approximately 75% of the nation's waters complying with applicable standards; and

Whereas, This success is based on the flexibility of the Clean Water Act to allow the states to create and administer innovative programs to meet the Clean Water Act goals; and

Whereas, Legislative proposals such as S. 1114 threaten state primacy and flexibility which are essential components of the Clean Water Act by substituting provisions which would amount to a federally supervised zoning and land use program; and

Whereas, Additional unfunded federal mandates to support this program without state primacy and flexibility is bad public policy; and

Whereas, The United States Senate Committee on Environment and Public Works is currently considering S. 1114, and the General Assembly wants the concerns of the state to be addressed during consideration of the measure; now, therefore, be it further

Resolved, That copies of this Resolution be sent to the President of the United States Senate, the Chairman and Ranking Minority Member of the Senate Environment and Public Works Committee, the Administrator of the Environmental Protection Agency, and the Colorado Congressional Delegation.

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SPECIAL ORDERS

The SPEAKER pro tempore (Mr. DERRICK). Under the Speaker's announced policy of February 11, 1994, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

CONGRATULATIONS TO HAWAII'S NATIONAL TOURNAMENT QUALIFYING BASKETBALL TEAMS

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

Mrs. MINK of Hawaii. Mr. Speaker, I rise today to congratulate four college basketball teams from Hawaii for qualifying for their respective national tournaments, which begin play this week.

Hawaii Pacific University and the University of Hawaii-Hilo both qualified for the National Association of Intercollegiate Athletics Tournament. Hawaii Pacific returns to the tournament as the defending national champion. Hawaii-Hilo gained one of the at-large invitations after having an outstanding season.

The University of Hawaii men's team is finally returning to the tournament after last appearing in 1972. But getting there wasn't easy. After beginning the season with several losses, the team qualified for the tournament by staging an exciting come from behind victory over arch-rival Brigham Young University to win the Western Athletic Conference Tournament Championship.

The women's team has been a contender in the Big West Conference for several years. In fact, in 1989 and 1990 they represented the Big West Conference in the NCAA Tournament. Despite continued success since their 1990 appearance, the team suffered bitter disappointments in 1992 and 1993 by being snubbed by the tournament selection committee in each of those years. Now, they finally have another chance to show their talents.

Even though Hawaii's geographic location and time zone differences make it difficult for the rest of the country to follow our basketball teams, this week the country will see four determined teams that fought their way to their respective tournaments.

Hawaii is proud of its teams' achievements. Again, congratulations to all the players, coaches, and their many supporters.

VOTES ON HEALTH CARE REFORM

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

Mr. MICHEL. Mr. Speaker, as we know, the initial votes on health care reform took place yesterday in the Ways and Means Health Subcommittee.

In order to ensure that the markup process remains as open as possible, and that information on all votes in Committee is made available to the general public, it is my intention to place in the CONGRESSIONAL RECORD on a daily basis each and every committee rollcall vote, broken down by Members.

This will help to ensure that Members are fully accountable to their constituents for the way they vote in committee.

It is noteworthy from yesterday's votes that most Democrats on the subcommittee are voting in favor of a government-run health care system financed by job-killing employer mandates.

We think there are much more commonsense ways to reform our health care system that will not result in more bureaucracy, rationing, and job loss, and those commonsense approaches are included in H.R. 3080, the Affordable Health Care Now Act.

Mr. Speaker, I request permission to insert at this point in the RECORD the votes on health care reform which took place in committee on March 15 and 16, 1994:

The following recorded vote was taken on March 16, 1994 in the Subcommittee on Health of the Committee on Ways and Means during consideration of Chairman Stark's substitute proposal for H.R. 3600, the Health Security Act of 1994:

A motion by Mr. Kleczka to table an amendment by Mr. Andrews (TX), Mr. Cardin, and Mr. Levin to raise the tobacco tax to $2.00 per pack (estimated to raise a total of $12 billion annually) to finance: $8 billion in subsidies for businesses with 100 or fewer employees (specific subsidies to be determined at a later date by the full Committee on Ways and Means); $2.25 billion for a formula grant program for Academic Health Centers; $750 million to fund grants to local governments for lead abatement programs; and $1 billion to fund essential community provider programs as defined in the Stark substitute for H.R. 3600. Motion to table the amendment was adopted 6 to 5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews (TX), "nay."
Mr. McDermott, "yea."
Mr. Kleczka, "yea."
Mr. Lewis, "yea."

REPUBLICANS

Mr. Thomas (CA), "yea."
Mrs. Johnson (CT), "nay."
Mr. Grandy, "yea by proxy."
Mr. McCrery, "yea by proxy."

The following recorded votes were taken on March 15, 1994 in the Subcommittee on Health of the Committee on Ways and Means during consideration of Chairman Stark's substitute proposal for H.R. 3600, the Health Security Act of 1994:

AMENDMENT NO. 1

An amendment by Mr. Grandy to strike the employer mandate and replace it with a provision to require employers to offer, but not pay for, insurance to their employees. It would also strike portions of the bill requiring individuals to pay for health coverage and portions requiring employers who currently pay for health coverage to do so for a 5-year period. Defeated 6 to 5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews (TX), "yea."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis, "nay."

REPUBLICANS

Mr. Thomas (CA), "yea."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

AMENDMENT NO. 2

An amendment by Mrs. Johnson (CT) to strike the requirement that employers who currently offer benefits packages more generous than the national benefits package contained in the bill continue to provide current levels of benefits for five years. Defeated 6 to 5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews (TX), "yea."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis, "nay."

REPUBLICANS

Mr. Thomas (CA), "yea."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

AMENDMENT NO. 3

An amendment by Mr. McCrery to permit individuals to fully deduct amounts they spend to purchase health insurance, offset by provisions that would limit the employer deduction and employee tax exclusion of health care premiums to the average cost of benefit plans in the geographic area. Defeated 6 to 5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews (TX), "yea."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis, "nay."

REPUBLICANS

Mr. Thomas (CA), "yea."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

AMENDMENT NO. 4

An amendment by Mr. Cardin to clarify that the employer responsibility is to contribute at least 80 percent of the cost of the premium for the least expensive plan offered to the employee which meets the minimum benefit standard, and provided that the least expensive plan offers a choice of doctors. Adopted 7 to 4.

DEMOCRATS

Mr. Stark, "yea."
Mr. Levin, "yea."
Mr. Cardin, "yea."
Mr. Andrews (TX), "yea."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis, "nay."

REPUBLICANS

Mr. Thomas (CA), "nay."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

AMENDMENT NO. 5

An amendment by Mr. McCrery to permit individuals to fully deduct amounts they spend to purchase health insurance, offset by provisions that would means test the Part B Medicare premium and provide for 10 percent coinsurance on Medicare clinical laboratory services. Defeated 7 to 4.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."

Mr. Cardin, "nay."
Mr. Andrews (TX), "nay."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis, "nay."

REPUBLICANS

Mr. Thomas (CA), "yea."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

AMENDMENT NO. 6

An amendment by Mr. Kleczka to expand the employer mandate from requiring employers to pay for 80 percent of individual coverage to requiring them to pay for 80 percent of the cost of family coverage. Adopted 6 to 4.

DEMOCRATS

Mr. Stark, "yea."
Mr. Levin, "yea."
Mr. Cardin, "yea."
Mr. Andrews (TX), "not voting."
Mr. McDermott, "yea."
Mr. Kleczka, "yea."
Mr. Lewis, "yea."

REPUBLICANS

Mr. Thomas (CA), "nay."
Mrs. Johnson (CT), "nay."
Mr. Grandy, "nay."
Mr. McCrery, "nay."

AMENDMENT NO. 7

An amendment by Mr. Grandy to strike the provision requiring employers with any obligation to pay for early retiree health care coverage as of October 1, 1993 to pay at least 80 percent of the cost of covering such retirees under Medicare Part C. Defeated 6 to 5.

DEMOCRATS

Mr. Stark, "nay."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews (TX), "yea by proxy."
Mr. McDermott, "nay."
Mr. Kleczka, "nay."
Mr. Lewis, "nay."

REPUBLICANS

Mr. Thomas (CA), "yea."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "yea."
Mr. McCrery, "yea."

AMENDMENT NO. 8

An amendment by Mr. McDermott to allow employers with more than 100 employees to offer Medicare Part C to their employees as one of the choices of insurance plans, offset by increasing the payroll tax provided in the bill from .8 percent to .96 percent. The effective date of the amendment would be January 1, 2001. Defeated 5 to 5.

DEMOCRATS

Mr. Stark, "yea."
Mr. Levin, "nay."
Mr. Cardin, "nay."
Mr. Andrews (TX), "not voting."
Mr. McDermott, "yea."
Mr. Kleczka, "yea."
Mr. Lewis, "yea."

REPUBLICANS

Mr. Thomas (CA), "nay."
Mrs. Johnson (CT), "yea."
Mr. Grandy, "nay."
Mr. McCrery, "nay."

OXFORD STYLE DEBATES

The SPEAKER pro tempore. The Chair desires to make the following statement on behalf of the Speaker:

The House is about to embark upon an unprecedented experiment wherein it will conduct a structured debate on a mutually agreed upon subject, wherein a Member recognized by the Chair and holding the floor as "moderator" will yield time to eight Members, four from the majority party and four from the minority party.

The primary purpose of this debate is to enhance the quality of the deliberative process of the House of Representatives, so as to enable all Members to be better informed and to subsequently participate in debates and decisions on major issues.

Under the previous orders of February 11 and March 11, 1994, the gentleman from Maryland [Mr. CARDIN] is recognized to moderate a structured debate in the format and sequence to be described by him, which has been mutually established by the majority and minority leaders.

The rules of the House with respect to decorum and proper forms of address to the Chair will apply during this debate. The moderator will yield time to the participants.

The Chair recognizes the gentleman from Maryland [Mr. CARDIN] for up to 2 hours.

HEALTH CARE DEBATE

Mr. CARDIN. Mr. Speaker, tonight, instead of special orders, this House of Representatives will be holding its first Oxford-style debate. Oxford-style debates give the American people an opportunity to hear details, fundamental discussions of important issues.

This debate will be the first of a series of debates scheduled for the House floor. The second debate is scheduled for April 20. The third debate, which is scheduled for May 11, will include bipartisan teams. After review of the first three debates, the House will decide whether or not to continue debates on the House floor.

Most appropriately, the first debate is on health care. I want to congratulate both the Democratic and Republican leadership for their persistence in bringing us to this moment.

In developing this debate format, the joint leadership has sought ways of elevating the value and effectiveness of debate in the House of Representatives. Together tonight, we institute a reform that all of us hope will improve the quality of debate in this legislative Chamber.

When referring to debates, the French moralist Joseph Joubert, known as Pensees, said:

> The aim of argument or discussion should not be victory but progress.

In that spirit, one can hope that tonight's debate will help us reconcile differences in the House and lead towards the enactment of health care reform. We will both better understand each other's position.

I want to thank those who have studied the congressional process and come forward with reform proposals and pushed for congressional reform for the Oxford-style debate, including Norman Ornstein of the American Enterprize Institute and Thomas Mann of the Brookings Institution. In addition, I would like to thank C-SPAN and National Public Radio for covering these debates so that the American people can watch and listen to this debate.

I would like to thank my counterpart from the Republican side, the gentleman from Pennsylvania [Mr. WALKER], for his help in bringing about these debates.

This debate will be in the Oxford-style format. An Oxford-style debate differs from the American-style two person debate, because it allows teams to speak in sequence, allowing different members of the team to focus on different issues. By expanding participation, we encourage a more comprehensive discussion of the subject.

Oxford-style debates encourage instant and continuous rebuttal from the participants. It is just as important for a team to question the other team as to expand its own arguments.

Each debate will last 90 minutes. The moderator will open the debate with an introduction of the topic and the members. After the introduction by the moderator, one member of each team will make a 3-minute opening statement, laying out the position of their team. A back and forth debate between the teams will follow the opening remarks with time and recognition controlled by the moderator.

During this time, the remaining six debaters will also be able to make brief statements. Also, each debater will have 5 minutes in which to question and later be questioned by a member of the other team. In addition, each debater will be subject to 5 minutes of interrogation from any member of the opposing team.

During the questioning and interrogation portions of the debate, questions will be limited to 30 seconds. I ask the debaters' cooperation on that point. And answers will be limited to no longer than 2 minutes.

After the back and forth debate between the teams, one member of each team will make a final point summarizing his team's position.

For the help of the debaters, we have cards that will give Members notice when there is certain time remaining, depending on how long the period involved. The cards will be held at the front.

We would ask Members to please strictly comply with the time limit.

We would hope that we will have as much back and forth as we can. The purpose of this debate is to be free flowing, but we do ask you also to please be courteous.

We had some guests today from England who participate in Oxford debate

regularly, and they also give one more bit of instruction. And that is for the debaters to please have fun.

The topic for this debate tonight will be introduced in the form of a statement to be resolved. The position statement for the first debate, which will be argued in the affirmative by a four-member Democratic team and in the negative by a four-member Republican team, is, resolved, that the Clinton health care plan best represents the elements that should be included in health care reform.

The Democratic Members participating in the health care debate are Majority Leader RICHARD GEPHARDT, Chairman HENRY WAXMAN of the Energy and Commerce Subcommittee on Health and the Environment, Chairman PETE STARK, Ways and Means Subcommittee on Health, and Congresswoman ROSA DELAURO, a member of the Appropriations Committee.

The Republican Members participating in tonight's debate are Minority Whip NEWT GINGRICH, ranking Republican Member THOMAS BLILEY of the Energy and Commerce Subcommittee on Health and the Environment, ranking Republican Member WILLIAM THOMAS of the Ways and Means Subcommittee on Health, and Congresswoman NANCY JOHNSON, a member of the Ways and Means Subcommittee on Health.

At this point, I will yield time to debators in conformity to the time limits established by the agreed format that has been filed at the desk.

I yield to Mr. GEPHARDT for his opening statement.

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Mr. GEPHARDT. Mr. Speaker, I want to thank the Republican leadership for their help in bringing this debate about, and I want to thank all of my colleagues who have worked so hard to make this evening happen. I hope this is the first of many Oxford-style debates.

I want to start tonight by saying that this debate is not about charts, it is not about statistics, and it is not about graphs. It is not even about philosophy. It really is simply about people. It is about the elderly women in my district that I saw the other night whose husband died soon after he retired, leaving her without health insurance. She wound up with a very serious form of cancer, and now she needs an operation, and she has no idea how she is going to pay for it, because she does not yet qualify for Medicare.

It is about the truck driver who came to one of my town hall meetings and finally stood in frustration in the middle of the meeting and shook his hand at me and said:

> Congressman, I have to go to work, but you have to do something about health care costs. I cannot afford to pay for my family's policy, and I'm worried I'm going to lose it.

It is about small business people that we have all met who want to be able to give their people health insurance as part of their compensation, but they simply can't figure out how to afford to do it.

The truth is, in doing health care, as I hope we will later this year, we have to listen to these people. This is about them. It is not about lobbyists, it is not about organized groups, as legitimate as they may be, as legitimate as their views may be. When we go to work on health care tonight, in debating, and later in the year in working on it, we have to listen to these people.

I think we have the best health care system in the world. I have benefitted from it. My family has benefitted from it. However, it can be better. We have got to fix what is wrong and we have got to keep what is right. In my view, the Clinton plan represents the best elements that we have got to get in any health care plan we do.

First, we have got to make it affordable for every American. Second, we have to guarantee private health insurance for every American family. Third, we have to guarantee choice. People have got to go to the doctor they want, pick the plan they want. Finally, we have to protect the elderly and Medicare and the benefits of that program.

In my view, all of the Republican plans except one are deficient. We cannot toy around and tinker around and nibble around the edges, we have to have a plan that accepts and embodies the principles, the goals that I just talked about. The choice tonight is, are we going to do something or are we going to do nothing?

Finally, let me say this. Back in 1935, 1965, Republicans came together with Democrats to pass Social Security and to pass Medicare. We reach out our hand tonight to the Republicans to join with us in passing real national health care reform.

Mr. CARDIN. Mr. Speaker, I yield to the gentleman from Georgia [Mr. GINGRICH] for an opening statement.

Mr. GINGRICH. Mr. Speaker, let me say first that I appreciate very much this chance to be here, and I enjoyed immensely the opening by the Democratic majority leader, which was wonderful, about goals, and with which we agree. We all go home and we all have problems. My own daughter had a problem with a precondition and had to spend a year without coverage.

That is why the Michel bill and, to the best of my knowledge, every Republican bill, eliminates preconditions and says you are going to get coverage.

I have had relatives who have had problems losing jobs and not being able to have health insurance, and that is why the Republican bill and virtually every bill I know guarantees portability.

As my good friend knows, there is bill after bill after bill already introduced, attempting to solve the problems, but the resolution that my Democratic friends agreed to defend tonight was not about good goals, it was not about good anecdotes. It was the elements of the Clinton plan.

I am excited by this debate, first because it is good for the House, and second, because we finally get to talk about H.R. 3600, a bill, a piece of legislation, and we get to talk about the elements.

It is a little unfair, but I cannot quite resist. Let me cite what some Democrats have said about this plan, because we are talking about the Clinton plan.

I agree with my friend, the gentleman from Missouri [Mr. GEPHARDT]. I want to reach out in a bipartisan way to pass the bill. I praise the gentleman from Florida [Mr. BILIRAKIS] and the gentleman from Georgia [Mr. ROWLAND] for a bipartisan bill. I praise the gentleman from Iowa [Mr. GRANDY] and the gentleman from Tennessee [Mr. COOPER] for a bipartisan bill. They are starting in the right direction to reach out.

However, let me cite the Clinton plan, which is the goal of tonight's debate, and which the gentleman has agreed to defend.

One of our debate Members on the gentleman's side said, "The health alliance and the Clinton plan is a beautiful animal in fairyland, but unseen on Earth." One of your Members said, "I don't know of any Republican or Democrat who would support mandatory alliances like the President's. I have heard a thousand objections and virtually no support."

One of your Members said, "I kissed a frog, but it's still a frog," referring to the Clinton plan. I am not going to refer to the Clinton plan as a frog. That was a Democrat. We are not going to be nastily partisan on our side tonight.

One of the gentleman's Members defending the plan tonight said of the President's plan, "It is amazingly complex. It creates many new bureaucracies. It is confusing. It eliminates traditional fee-for-service medicine as we know it."

A Democrat in the Senate pointed out that, and I quote, "Literally hundreds of thousands of small business people in this country might have to close their doors under the President's proposal, and that is unacceptable."

Our focus tonight is to focus on the elements of the Clinton plan, which is the topic of this debate, elements which include a global budget by which politicians and bureaucrats will decide the health of all Americans and inevitably lead to rationing, elements which include a National Rationing Board appointed and controlled by politicians, with the power to decide what health care you can receive; elements which include government-controlled and designed health bureaucracies you may be required to join, which will control

which doctor and which hospital you can go to.

Mr. CARDIN. Mr. Speaker, I yield to the gentleman from California [Mr. WAXMAN] for an opening statement.

Mr. WAXMAN. Mr. Speaker, this is a debate about one basic issue: Will all Americans have health care coverage? Right now they don't. Almost 39 million Americans are uninsured. Eight million of them are children. Think about that. In this, our rich country, 8 million children are without insurance coverge, and the fact of the matter is they are the children of working parents, because sadly, most Americans without insurance are working. They play by the rules, but they are still left out.

Being uninsured matters. Women who don't get mammograms die more often from breast cancer. People with diabetes who don't get home care end up in hospitals, and families without health insurance worry that they will go bankrupt if a child gets sick.

There is much that is good in our health care system, but there is much that is wrong and must be fixed. What we need to do is subject any health proposal, Democrat or Republican, to one simple test: Does it guarantee that all Americans will have health care coverage? That is real reform.

Mr. CARDIN. I recognize the gentleman from Virginia [Mr. BLILEY] for an opening statement.

Mr. BLILEY. Mr. Speaker, all of us complain about some parts of the health care system, but all of us, I think, would agree that Americans have the finest health care system in the world, and the best practitioners in the world. The Clinton plan would change all of that. We would have rationed care. The spending caps in this bill are more severe than they are in the United Kingdom or Canada. Specialists would be rationed by government bureaucrats to decide what promising students go on to study for a medical specialty. The elderly and the poor would be rationed under Medicare and Medicaid, $200 billion worth, and research would be rationed, because there would not be venture capital there to explore promising new areas of medical discovery.

Republicans have a better way to solve the plan. Republicans want choice, so that you can choose your doctor. Republicans want you to have your insurance when you transfer jobs or you lose your job. In short, we would fix what is wrong with the system, but we would keep what is good with the system, and that is where we differ from the Clinton plan, and that is why the Michel plan is the best plan.

Mr. CARDIN. The gentleman from California [Mr. WAXMAN] is recognized to question Mr. BLILEY.

Mr. WAXMAN. Mr. Speaker, I say to the gentleman from Virginia [Mr. BLILEY], you said you want to fix what is wrong with the American health care system, and one thing that is wrong is that we have 39 million Americans without insurance. I have looked at the Republican alternatives and they don't guarantee universal coverage. They don't guarantee every American a health insurance policy. How long, under your proposal, will be have to wait before every American is covered?

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Mr. BLILEY. The Michel plan is not under discussion, I would remind you tonight, HENRY. We are discussing the elements of the Clinton plan. And, yes, you will get the universal coverage by 1998.

Mr. WAXMAN. Under your proposal?

Mr. BLILEY. Under the President's proposal, you will get there, but you will still have 5 to 12, and please let me answer the question. I did not interrupt you when you asked the question. So do not interrupt me.

Mr. WAXMAN. Please answer the question, because I have some more to ask.

Mr. BLILEY. I am answering the question. And you are here to defend the President's plan and the elements that are in it, and you get to universal care in 1998.

Mr. WAXMAN. You are not answering my question. When will you say to the American people that they will know that they will be covered, and if you are not going to cover them, who are you going to leave out, and how long is it going to take? There are 39 million Americans, many of them may be watching tonight, and they would like to know, and I would like to know, when can they expect to be able to buy a health insurance policy they can afford?

Mr. BLILEY. They can buy health care policies that they can afford now under the Michel plan, and we would like to work with all people to improve it as we go to 1998, but the problem with your plan is that in order to achieve your coverage you destroy the system as we have it now. You will cost 900,000 to 3 million jobs.

Mr. WAXMAN. We have people who are working people. If their employers do not provide that benefit for them at their work where most people get their insurance——

Mr. BLILEY. Well, a lot of them will not be working after this bill becomes law, I can tell you that.

Mr. WAXMAN. Well, there are a lot of people working now.

My question to you is: Can you tell working people they will be able to afford a policy? Because most of them cannot, and if their employers do not help them pay for that policy like you and I have our employers——

Mr. BLILEY. Absolutely.

Mr. WAXMAN. Of the U.S. Government, pay for our policy, how can they expect to get coverage?

Mr. BLILEY. They will have a basic plan that will guarantee them coverage, that they will be able to buy. It will be affordable, and they will be able to take it with them if they leave their job or they lose their job.

Mr. WAXMAN. One of the problems is health insurance is not affordable. Health care costs are going up so rapidly.

President Clinton tries to tackle this issue by putting some limits on what insurance companies are going to charge people. You do not have that in your proposal.

How do you plan to hold down health care costs?

Mr. BLILEY. By reforming malpractice, which you do not even attempt to do. We would say before you go to court you must go to dispute resolution, and if you go to court after that, if you are not satisfied with the dispute resolution, you may go. But you go with the understanding that if you lose the case, you pay the defendant's court costs.

Mr. WAXMAN. Do you really believe that malpractice is the reason why we have health care costs that are so rapidly increasing that small businesses have to pay 30 percent more and, therefore, cannot afford to cover their employees? Would it be your solution to say that anybody hurt in a malpractice just should not be able to sue? Would that make health care affordable to all Americans?

Mr. BLILEY. No. We do not do that.

We say, if you read the Michel bill, we reform ERISA to allow small groups to pull together to get the advantage that large groups have in purchasing health care. We do that. We do not say that malpractice is the only answer, but it certainly is a major factor in the costs of health care insurance today.

Mr. WAXMAN. The Michel plan does not spell out what benefits anyone will get.

The Clinton proposal does.

What I would like to know is, and I think others would like to know, what is it that you would like to drop from the Clinton plan? Would it be mammograms, prescription drugs? Do you think that those ought to be in? How about dental benefits for kids or catastrophic costs? Would all of those be in the benefit plan guaranteed to all Americans in any goals you would hope to achieve?

Mr. BLILEY. We believe that you should not have one size fits all. People should have choice, choice of their doctors. People should be assured of quality, and people should not have to put up with rationing which you destroy all three. You destroy quality, you destroy the choice, and you ration care.

Mr. WAXMAN. I disagree with all of those statements.

Mr. CARDIN. Mr. BLILEY is recognized to question Mr. WAXMAN.

Mr. BLILEY. How can you be here, HENRY, in support of this bill when you

are quoted in the New York Times as saying the Clinton administration has relied too heavily on cuts in Medicare and Medicaid to finance changes in the rest of the health care system; it is going to be politically unacceptable, "and I do not think the financing proposal is realistic. I do not think they can make the cuts of that magnitude without doing harm to Medicare and Medicaid and the people those programs serve," and this bill that you are defending, it cuts $200 billion out of Medicare and Medicaid?

Mr. WAXMAN. As you well know, I am a strong supporter of the Medicare program. I would not want us to take any cuts that are not wise. But the fact of the matter is that the Clinton administration proposal would cut Medicare less than what some of the Republican proposals would do, and the Clinton proposal would take——

Mr. BLILEY. That is not the question. We are not talking about the proposals. We are talking about the Clinton——

Mr. WAXMAN. My answer to you is that we—the Clinton proposal would take the Medicare savings which they can legitimately accomplish, and give them back in benefits to elderly people through prescription drugs and home health care.

Mr. BLILEY. You are rationing care under this bill.

Mr. WAXMAN. You would take away benefits from the elderly.

Mr. BLILEY. Under this bill, you ration care. How do you propose to control the rate of growth in health care costs to no more than the CPI when none of our trading partners in the Western World are able to do that? In Canada and Great Britain, both are 3 or 4 percent above the CPI.

Mr. WAXMAN. Give me time for an answer.

Mr. BLILEY. I will give you time for an answer, but you took plenty of time before, so I am going to finish. Three or four percent above the CPI. And they ration care. How are you going to reach that goal without rationing care?

Mr. WAXMAN. I hope you will permit me to answer the question, because you are trying to scare people about rationing, and there is no rationing in the Clinton proposal.

Second, we are trying to legitimately hold down health care costs by telling the insurance companies to be able to hold down——

Mr. BLILEY. Please answer my question. How are you going to hold it down?

Mr. WAXMAN. I am trying to answer your question, if the gentleman would permit. I would like to answer your question if you would listen.

We will hold down health care costs by using market forces, by limiting what insurance companies can charge people. There is none of that in the Republican proposal at all.

The only way Republicans seem to hold down costs is asking people to pay more out of their pockets, and not everybody can afford to pay more out of their pockets, because they find health insurance unaffordable, and I do no think you have an answer to them in your proposal.

Mr. BLILEY. HENRY, you know better than that.

The Clinton plan rations care. It is the only way that you are going to be able to achieve those goals. When you run out of money just like in Canada, they go to close hospitals to all but emergency treatment. The elderly are going to have to wait for their hip transplants and their other routine procedures.

Mr. WAXMAN. I will tell you who is rationed now: the millions of people who have no insurance. The people who are rationed out of health care services are the 2 million who are added to the list of uninsured every month.

People have to be worried. If they have insurance now, they may lost it, and if they lose it, they are going to be thrown into the cold, because there is rationing against them.

The President proposes that everybody be covered. They get a choice of their doctor, their insurance plan.

Mr. BLILEY. Let me reclaim my time.

Mr. WAXMAN. And they get a basic benefit package. The Republicans promise none of that.

Mr. BLILEY. I would say to you that we had a plan. Senator Bentsen came up with a market reform in 1992. It passed the Senate on March 12 the first time and the second time on March 29. It was stripped out in conference.

Mr. WAXMAN. Is this a question or a statement?

Mr. BLILEY. You were in the conference. Why was it stripped out? Why did you strip it out if you were interested in people keeping their health insurance if they were out of a job? It was in this bill. We would have it now. Why did you strip it out?

Mr. WAXMAN. The gentleman does not understand fully what happened in that example, but the fact of the matter is——

Mr. BLILEY. Are you denying that it did not happen, that it was stripped out?

Mr. WAXMAN. I am denying a lot of things did not happen. We had a President named Reagan who did not even know there was a problem about people without coverage. We had a President named Bush who never came forward with any proposal. Now we have a President named Clinton who is taking the courageous stand of saying let us do something for the American people, not for the insurance companies, but for the people, and let us make sure working people get their insurance where they work. That is the way most people in this country get their coverage.

Mr. BLILEY. I do not think you meant to include Secretary Bensten as a tool of the insurance people.

Mr. CARDIN. I now yield to the gentleman from California [Mr. STARK] for his opening statement.

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Mr. STARK. I thank the gentleman.

I am pleased to be here tonight to explain the goals of the President's plan. What is America about? It is about being a family and taking care of each other in troubled times.

Our goals are: permanent health insurance for everyone, affordable, quality, and individual choice. Our plan builds on our country's history. We have social security, and it is the time, gentlemen, for health security. It builds on the Old and New Testaments. We are called upon to help the sick. On the day of judgment we will be judged for our service to the sick.

I ask any of you who contest the question: Who in our Nation would you leave uninsured, afraid, and unable to seek care in their hour of sickness? Who, might I ask, gentlemen, in our Nation would you deny the same quality and choice and level of care that you yourselves as Members of Congress enjoy today?

And since the big insurance companies and drug companies and for-profit hospitals have brought us to this present dismal state, why, why would you question the need for the Federal Government to demand fairness and price restraint so that health care can be affordable to every American?

I do not have to defend the question. The Republican Members must defend caring so little about their fellow citizens that none of their proposals and none of their bills provide universal coverage, choice, or affordability.

Mr. CARDIN. I now yield to the Republican team to question Mr. STARK.

Mr. THOMAS of California. I thank the moderator.

It seems to me that I think we can stipulate at this point in the debate that all of us share these laudable goals that have been repeated over and over again.

Mr. STARK. I don't intend to stipulate.

Mr. THOMAS of California. We are all for life, we are all for taking care of all Americans. That is not the——

Mr. STARK. Well, no——

Mr. THOMAS of California. Well, I would tell the gentleman the first thing out of his mouth was that he wants to talk about the goals of the Clinton plan. The debate is about the elements of the Clinton plan.

Mr. STARK. The principal elements.

Mr. THOMAS of California. And I would ask the gentleman: Today, rather than the Federal Government, States and the private sector, driven by the increased costs of health care, are the engines of change and health

care reform. In our State, as you know, California has changed its malpractice law, changed the way insurance can be sold, created voluntary purchasing cooperatives to let the little guy voluntarily achieve the same buying power as large corporations. Our Republican plans build on these reforms. We keep them, and we expand them.

The Clinton plan, the plan that you are defending, would outlaw these kinds of changes taking place in the States and force them into a structure dictated by the non-elected national health board that would have the power, in addition to controlling that, of setting and enforcing a national budget for the entire U.S. health system.

Mr. STARK. That is not the question.

Mr. THOMAS of California. The question is: Do you believe that this key element, this non-elected board with vast powers——

Mr. STARK. What is the question? Would you repeat the question, please? I did get the question.

Mr. THOMAS of California. Well, I understand your confusion, since it is about an element of the Clinton health care plan. I understand your confusion.

The question is: The national health board, dictatorial, stopping all of the change that has been made in the States, controlling the prices, is it really the best choice for the American health system?

Mr. STARK. The best choice for the American health system are the goals of the President's health plan, which are to provide——

Mr. THOMAS of California. I would like to tell the gentleman we do not vote on goals, we vote on elements. What about this element of the President's plan, do you like it or not?

Mr. STARK. The gentleman is incorrect in stating the President's plan. But I would suggest to you——

Mr. THOMAS of California. Do you like the national health board in the President's plan, as you define it?

Mr. STARK. There is no—there are now several national health boards. There are those who recommend——

Mr. THOMAS of California. The board that is in H.R. 3600.

Mr. STARK. If I could finish my statement. There are now national health boards that provide quite well for advising Congress for what we need.

Mr. THOMAS of California. I would ask the gentleman, on page 92 of H.R. 3600, part V, "Role of the National Health Board," does he agree with the specific language in the President's plan?

Mr. STARK. No.

Mr. THOMAS of California. The scope and the breadth?

Mr. STARK. No.

Mr. THOMAS of California. No, you do not. Thank you.

Mrs. JOHNSON of Connecticut. Most doctors believe that women need to have a baseline mammogram at the age of 35 and should have one every year thereafter from the age of 40 on. Now, the document to which my colleague referred, the President's health plan, denies women coverage for mammograms until they reach age 50 and then provides every 2 years until age 65.

Many, many women in America enjoy much better insurance benefits than that. Does the gentleman who says that he supports the goals of the President's plan, which is choice and quality, support such a restrictive benefit plan?

Mr. STARK. Well, I, as a matter of fact—the benefit plan that I introduced today provided those goals, and the gentlewoman just voted against it.

Mrs. JOHNSON of Connecticut. My colleague, on pages 44 and 45——

Mr. STARK. At age 35. And the gentlewoman just voted against it this afternoon.

Mrs. JOHNSON of Connecticut. On pages 44 and 45 and on throughout, the President is very specific about denying benefits.

Mr. STARK. Why did the gentlewoman vote against it this afternoon? I am confused by her inquiry.

Mrs. JOHNSON of Connecticut. The question is——

Mr. STARK. The gentlewoman had a chance this afternoon to vote for that very same benefit, and she voted against it.

Mrs. JOHNSON of Connecticut. That is right, and you bet I did, for the very same reason the President is wrong. When you vote something in, you vote something out. I want a system that allows the private sector to choose exactly——

Mr. STARK. I thought you wanted mammograms. Let us stay on mammograms. You want mammograms, but you vote against it.

Mrs. JOHNSON of Connecticut. Now the people in America have that.

Mr. STARK. I am sorry?

Mrs. JOHNSON of Connecticut. The point is, if you vote mammograms in because of the money cost and the global budget, you have to say they can't have them early on when they need them.

Mr. STARK. Did you say you wanted mammograms or not? I am confused. You cannot have it both ways.

Mrs. JOHNSON of Connecticut. I want mammograms, and I want women to choose plans that give them all the mammograms they need.

Mr. STARK. You just voted against it this afternoon.

Mrs. JOHNSON of Connecticut. I want them to have all that they need.

Mr. STARK. You just voted against it.

Mrs. JOHNSON of Connecticut. I voted against Government having the power to define in or out, and you, sir, submitted a plan that will deny to America's women, men, and children innumerable health care services that they currently enjoy under their current insurance plan.

Mr. STARK. The question, if there was a question in that, I would——

Mr. CARDIN. Mr. STARK will have half a minute to respond.

Mr. STARK. I am just suggesting that the lady had a chance to vote for the mammograms that the Democrats provided this afternoon in markup. She voted against it. She cannot have it both ways.

Mr. CARDIN. The Chair now yields to Mr. THOMAS for an opening statement.

Mr. THOMAS of California. I thank the moderator.

It seems to me that it is evident tonight, based upon the initial opening statement of the gentleman from California, Mr. STARK, and his attempt to evade the questions, that either he has not read the resolve clause of this Oxford debate or he is very uncomfortable with the question that is supposed to be in front of us. I will repeat it:

Resolved that the Clinton health care plan best represents the elements that should be included in health care reform. Nowhere do we see goals; it is the elements of the President's plan. And I believe we have heard several responses tonight which indicate that they are far more comfortable talking about general ephemeral goals than they are about the elements of the President's plan.

Frankly, when the American people are going to be required to live under this plan, they are not going to be living under ephemeral goals, they are going to be living under a national health board that has the ability to set the prices for the entire health care delivery system of the United States. They are going to be told they can no longer have the insurance plan that they currently have. And at some point in this debate, I do hope we begin talking about the elements of the President's plan.

There has been waltzing outside these chambers for 6 months. I thought this would be an opportunity to engage on the elements of the President's plan and bring to the American people a better understanding so that they can make real choices. It is pretty obvious the opposition does not want to close on the elements of the President's plan.

Mr. CARDIN. I now yield to the Democratic team for questioning Mr. THOMAS.

Mr. STARK. I am reminded of "waltzing Matilda," and I would direct our first question, because it was again today that the gentleman, Mr. THOMAS, pontificated about helping medical teaching hospitals, to promote quality in health care. Last Friday you voted to cut $13.5 billion out of teaching hospitals in the next 5 years. Again, a question: Which way would you have

it? Would you help quality medical care, or would you continue to cut the very heart of the medical education system and use it to spend on defense or some other item?

Mr. THOMAS of California. First of all, I would tell the gentleman he is totally mistaken. The vote on the health—the teaching hospitals, was on a tobacco tax. I did not speak on that bill. In fact, it was voted to be tabled.

Mr. STARK. The gentleman voted——

Mr. THOMAS of California. May I answer the question? If you will take a look at the Republican plans and most specifically the plan that I carry as a sponsor in this House, we not only engage the problem of making sure that these teaching hospitals are adequately financed but we create incentives so that we move toward strengthening primary care doctors rather than specialists. In addition to that, we turn to the tax code and we tell these people who are willing to go to rural areas, we give them a tax incentive of $1,000 a month to try to get these people out into the structure.

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Not only do our plans encourage and promote teaching hospitals, we nurture in a positive, incentive way——

Mr. STARK. Excuse me——

Mr. THOMAS of California. The direction that allows them to create a stronger base.

Mr. STARK. Cutting 13 billion out of teaching hospitals helps them. On the same day that the gentleman did that he voted to cut $45 billion out of Medicare. Did that help the seniors in their Medicare in the same way?

Mr. THOMAS of California. The gentleman, the gentleman is talking about, the Republican budget. Would you tell me how $45 billion in Medicare equates——

Mr. STARK. The President——

Mr. THOMAS of California. With the President's cut in Medicare in his plan? It is $124 billion over 5 years in the President's plan——

Mr. STARK. This was all——

Mr. THOMAS of California. And what does he do with those cuts? He turns around and gives millionaires taxpayers' money to pay for prescription drugs.

Mr. WAXMAN. I would like to ask the——

Mr. THOMAS of California. Does the gentleman think that's the appropriate way to deal with Medicare cuts?

Mr. STARK. We're asking a question.

Mr. WAXMAN. I read Mr. THOMAS' own bill on health care reform, and he would cut the Medicare program more than President Clinton, but he wouldn't use that for benefits for the elderly. He would give vouchers to low-income people, a worthy goal, but why do you take from seniors in this country to help poor people? That's hardly fair.

Mr. THOMAS of California. Why does the President take from seniors? He has repeated over and again the Medicare structure is full of waste——

Mr. WAXMAN. Does——

Mr. THOMAS of California. May I answer the question or not?

Mr. WAXMAN. If he did——

Mr. THOMAS of California. Can I answer the question?

The President cuts $124 billion from Medicare. He says he gets it from waste, fraud, and abuse, and what does he do with that money? He turns around and gives millionaires additional benefits——

Mr. WAXMAN. Are you willing——

Mr. THOMAS of California. Would the gentleman support, would the gentleman support means testing on Medicare?

Mr. WAXMAN. The gentleman wants to misrepresent the President's——

Mr. THOMAS of California. I'm not—how do I misrepresent the President's bill?

Mr. WAXMAN. Even if you were right, and you're not——

Mr. THOMAS of California. How did I misrepresent——

Mr. WAXMAN. To take the money——

Mr. THOMAS of California. The gentleman said I misrepresented the President's bill. It's $124 billion he's going to cut in Medicare?

Mr. WAXMAN. Gentleman answered the question? I don't blame you because I'd be embarrassed to answer that question.

Mr. THOMAS of California. You said I misrepresented the President's bill. Was it the $124 billion that the President is going to cut?

Mr. WAXMAN. Am I misrepresenting your——

Mr. THOMAS of California. Do you dispute——

Mr. WAXMAN. Obviously——

Mr. THOMAS of California. $24 billion——

Mr. WAXMAN. I actually dispute——

Mr. THOMAS of California. Billion that the President——

Mr. WAXMAN. That you say about the President, but you don't seem to be willing to dispute what I'm saying about your own legislation.

Mr. THOMAS of California. No. I am more than willing to share the reductions in Medicare squeezing out waste, fraud, and abuse just like the President does.

Ms. DELAURO. Mr. THOMAS, let me ask you. You support the plan, the Cooper plan, that you do not define——

Mr. THOMAS of California. Excuse me, Ms. DELAURO. I do not support the Cooper plan. I am not a cosponsor of the Cooper plan.

Ms. DELAURO. Well, let me ask you this then. There is no definition in any of the Republican plans of a comprehensive benefit package. The notion is that we will leave that decision to some national board, one in which a few minutes ago you said you don't like, but a national board will decide a comprehensive benefit package. You tell the American public to trust you and that you'll come up with a benefit package after the legislation is passed.

Mr. THOMAS of California. Yes. First of all, I have a choice of asking for you to ask the American people to trust you because under the President's plan Congress will log roll, pork barrel, play to lobbyists and create a national benefits plan.

Ms. DELAURO. Not true.

Mr. THOMAS of California. That is what the President——

Ms. DELAURO. Not true.

Mr. THOMAS of California. Congress doesn't create the benefit plan under the President's plan.

Ms. DELAURO. Do you ask——

Mr. THOMAS of California. The President's plan, the President's plan allows Congress to create the national benefits package. It is log rolling and pork barreling at its worst.

Ms. DELAURO. You ask the public to buy a pig in a poke, Mr. THOMAS.

Mr. CARDIN. Ms. DELAURO is recognized for a minute and a half. I yield a minute and a half.

Ms. DELAURO. Thank you. I am honored tonight to rise in support of the resolution that the Clinton plan best represents the elements that should be included in health care reform. It is the only plan before the Congress that assures that everyone is covered by private health insurance, every day, no matter what, and it's the only plan that attacks the core problem.

Insurance and medical costs are rising through the roof. Those costs rob working people of their wages and increases in wages and businesses of their competitiveness, and for many good people it has meant personal bankruptcy.

We're debating health care reform tonight because Bill Clinton had the courage to tackle the issue for more than a decade. The leaders of this country through two administrations did nothing while the insurance crisis worsened.

I come to this health care debate as a cancer survivor. I have seen the best in our health care system, and it saved my life. But I also saw the enormous costs. I don't begrudge the doctors and the doctors their fees, but imagine if my family had to face those tens of thousands of dollars of bills without insurance. What if I had been between jobs? What if I had worked for a small business that couldn't afford insurance?

The Clinton health care plan includes the essential elements of reform. Expanding the pool of the insured will control costs. Guaranteeing universal coverage ends cost shifting. Emphasizing preventive care lowers costs. Our experience teaches us that these meth-

ods will work, and we dare not falter before this challenge.

Mr. CARDIN. Yield to the Republican team to question Ms. DELAURO.

Mrs. JOHNSON of Connecticut. Ms. DELAURO, we would certainly agree that Connecticut's No. 1 problem is jobs. Do you know what percent of Connecticut's residents are uninsured at this time?

Ms. DELAURO. Connecticut has the highest rate of insured, lower than the national average which is about 15 percent.

Mrs. JOHNSON of Connecticut. No, it has 7.6 percent uninsured in Connecticut right now.

Do you know what percent Hawaii with an employer mandate has uninsured at this time?

Ms. DELAURO. Hawaii has been the—has come in below the average on what the national numbers are on employment, and, as a matter of fact, with regard to Hawaii——

Mrs. JOHNSON of Connecticut. The answer——

Ms. DELAURO. With regard to Hawaii, and you're a person, Mrs. JOHNSON, who believes that we ought to try what works.

Mrs. JOHNSON of Connecticut. That's right.

Ms. DELAURO. If you do take the example of Hawaii, they have seen their unemployment——

Mrs. JOHNSON of Connecticut. That's right. The uninsured rate, my colleague, is 8 percent. Connecticut's is 7.6 percent. For one-half of 1 percent why is it necessary to impose on the employers of Connecticut a mandate that you know will cost jobs in the short term and, worse yet, in the long term will slow the growth of jobs in a very——

Ms. DELAURO. Let's talk about small business, and I'm delighted that you talked about small business.

Mrs. JOHNSON of Connecticut. You bet. That's what——

Ms. DELAURO. I won't support a plan that doesn't have small business——

Mrs. JOHNSON of Connecticut. This will kill small business. Did you read the amount——

Ms. DELAURO. May I answer the question?

Mrs. JOHNSON of Connecticut. Yes, because I've got questions.

Ms. DELAURO. Let me tell you—if you allow me to tell you, I will do it.

Small businesses today have doubled the cost of health insurance since 1985. Smaller businesses today spend 35 percent more than the larger firms for health care.

Mrs. JOHNSON of Connecticut. Congresswoman——

Ms. DELAURO. Let me finish.

Mrs. JOHNSON of Connecticut. Congresswoman, don't you go home? When I go home——

Ms. DELAURO. I go home——

Mrs. JOHNSON of Connecticut. Small businesses tell me they are barely surviving, they don't have any margin, they're not able to provide 3.5 percent of payroll. How can you think——

Ms. DELAURO. You asked me a question——

Mrs. JOHNSON of Connecticut. That small business——

Ms. DELAURO. I'd like to answer it.

Mr. CARDIN. One moment. This has certainly been spirited back and forth through all the questioners, but I would like to ask that we would please allow the person to finish the question and at least give an answer before we follow it up.

Ms. DELAURO. I'd like to answer the question on small business because I believe it is a critical question. Let me address the issue.

Forty percent they pay in administrative costs in small businesses today. The current system is killing small businesses, and what we attempt to do with the Clinton plan is to allow small businesses to have the purchasing power to deal with the insurance companies to get lower costs and, secondly, what it does is it builds on the current system that we have in extending insurance in this country.

Mrs. JOHNSON of Connecticut. All kinds——

Ms. DELAURO. Extending——

Mrs. JOHNSON of Connecticut. If you had endorsed my bill 3 years ago, we could have given small business access to health care, health insurance——

Ms. DELAURO. Mrs. JOHNSON——

Mrs. JOHNSON of Connecticut. Would not have had——

Ms. DELAURO. Mrs. JOHNSON, you support a plan that would put a 34 percent tax on businesses who do more for their employees in terms of being good business people and try to provide more benefits. It would put a 34 percent tax on those businesses. You support that bill which would put most small businesses into a pool that would raise their rates sky high.

Mr. THOMAS of California. OK, Ms. DELAURO, under the Clinton health plan, under the Clinton health plan employers pay 80 percent of the costs——

Ms. DELAURO. Average——

Mr. THOMAS of California. Can I finish the question, please?

Ms. DELAURO. Yes.

Mr. THOMAS of California. They are forced to pay the 80-percent fee. The employees are supposed to pay the 20 percent. What happens if they don't under the President's plan?

Ms. DELAURO. What the Clinton plan says is that employers——

Mr. THOMAS of California. No——

Ms. DELAURO. Will pay the average, 80 percent of the average cost of the health care plan. Employees will pay the——

Mr. THOMAS of California. Twenty percent.

What happens if they don't?

Ms. DELAURO. That's right.

□ 2050

Mr. THOMAS of California. What happens if they don't? What happens if they don't?

Ms. DELAURO. What will happen, if you will let me answer the question, there are several things. First of all, employers will be able to——

Mr. THOMAS of California. No, employees, if they don't pay the 20 percent, what happens under the Clinton bill? A simple question.

Ms. DELAURO. Well, if they are out of a job——

Mr. THOMAS of California. No, we are talking about employees. Not unemployed. The employers pay 80 percent. Employees, workers of the employer, pay 20 percent. What happens if they don't pay their 20 percent under the Clinton bill?

Ms. DELAURO. What is meant to happen is that the——

Mr. THOMAS of California. Not is what is meant to happen. What happens under the bill?

Ms. DELAURO. There are discounts to those who qualify for the discount.

Mr. THOMAS of California. The answer very clearly is everybody else pays, because there is no compulsion under the President's bill.

Ms. DELAURO. Everyone pays now. They pay for those businesses——

Mr. THOMAS of California. I appreciate your knowledge of the bill you are defending, because you don't know it.

Ms. DELAURO. I know the plan very well.

Mr. CARDIN. Ms. DELAURO is recognized to answer the question if she knows the answer. The time in this round has expired, but Ms. DELAURO may answer the question if she wishes to answer the question at this point, before she is recognized. There was a question asked and she did not have an opportunity to respond. At the end, the Republican team was using the time.

Mr. THOMAS of California. Excuse me, Mr. Moderator, that question was asked with 2½ minutes left. It was a simple question and it was asked with 2½ minutes left in the timeframe. If she was unable to answer it within that time, that is her problem, not ours.

Mr. CARDIN. There were interruptions back and forth.

Ms. DELAURO. Employees will be able to pay the cost of their plan because the premiums are going to be less than what they are today, and if they need assistance——

Mr. THOMAS of California. If she is going to answer the question, she needs to respond to the question that was asked, not how they are going to pay it. What happens if they don't pay it. The question is what happens if they don't pay it.

Mr. CARDIN. On the exchange back and forth, we are trying to give as much leeway as possible. Under the agreed rules, if time expires at the end

of the 5 minutes and it is my judgment, the moderator's judgment, that there is need for time for a response, that I have the option of giving the respondent the extra 30 seconds. It will be uninterrupted at this point.

Ms. DELAURO. If the employees are unable to pay for their health insurance, if they qualify for a discount, they will be able to get a subsidy in order to be able to do it. That is what the Clinton plan says. In addition to which, as I said, what will happen is that the cost of premiums comes down. You may say it is wrong, but that is the way it is.

Mr. CARDIN. I now yield to Mrs. JOHNSON for a statement.

Mrs. JOHNSON of Connecticut. The majority leader opened this debate by talking about portability, about guaranteeing private insurance, choice, and security.

Four years ago, I talked with a young woman in front of a grocery store who had two beautiful children uninsured, and out of that experience I introduced insurance reform legislation, that if we had passed it 3 years ago, and not one of you cosponsored it, there would be no one today excluded for preexisting conditions, no one today the victim of job lock. And I also introduced—the Republicans introduced purchasing cooperatives, that would have lowered the cost of health insurance for all Americans. We expanded the infrastructure of health care. And we did something to control skyrocketing costs through administrative reform and the smart card that the President talks about. We have introduced all those ideas, and we are proud of it.

We want health care for all Americans that is affordable and high quality. We just don't want an employer mandate that costs jobs and slows the economy. He—we don't want global budgets and price setting that is going to result in rationing. We know that through the systems that we already have in place that the Government runs.

We don't want mandatory alliances that force every individual in America to give up the plan they have and go buy some other plan that the Government is giving them through their health alliances. We don't want to lose all those jobs in Connecticut and export them to other States, just because the Government decided that instead of purchasing nationally, we have to purchase state-by-state. So let's get back to the real issue, action on health care today.

Mr. CARDIN. The Democratic team may question Mrs. JOHNSON.

Ms. DELAURO. Mrs. JOHNSON, tell me: You don't want to have people forced into mandatory alliances, small businesses having mandates. Then explain to me how you can support a bill that would force small businesses into the highest risk pools, businesses of 100 or less, into a risk pool that would have the uninsured, Medicaid recipients, and small businesses, thereby causing small business premiums to continue to skyrocket, as they will, and how can you support a tax, a 34 percent tax on businesses?

Mrs. JOHNSON of Connecticut. As the Member of this House that introduced the first insurance reform bill, I know a good deal about pooling, and I can tell you that that pool is large enough so we can keep the low cost premiums of large pools, the low administrative costs and the low marketing costs.

If you look at the legislation that I personally promoted as the lead sponsor, you will see that we reduced the cost of insurance through providing a good, solid plan developed by the private sector on the basis of the kind of average plan that Americans have come to consensus about, that they want, not by a Government defining benefits in and out, not saying you, mammogram now, not later. You can have this and not that. But letting the public choose from plans, some of which provide mammograms and some of which don't, because if you are young you don't need mammograms. If you are older, you certainly do. I don't want the Government controlling that.

Mr. WAXMAN. You are letting insurance companies make choices for people, not people making choices for themselves. Let me ask you——

Mrs. JOHNSON of Connecticut. People have choices of what plan they buy. My reform legislation guarantees that choice in the public and private sector.

Mr. WAXMAN. I know you would like to give another speech. My question to you is with insurance reform, you can do some good, 200,000 people may get covered. But there are 39 million. Why not have shared responsibility of employers and employees? That is the way most people, 9 out of 10, have their coverage today. If we adopted your proposal, what assurance do you have that the uninsured will ever really get insurance if they can't afford it?

Mrs. JOHNSON of Connecticut. I will give you the insurance. The Republican side introduced the first bill that would have exploded the infrastructure to guarantee all 37 million of those uninsured access to our good community health systems, and, in addition, we lowered the cost of insurance so they could have their choice. We provided options choice so that everyone in America would have access to affordable care.

Mr. WAXMAN. Who would pay for that insurance? Individuals?

Mrs. JOHNSON of Connecticut. Individuals would pay for the insurance.

Mr. WAXMAN. If they can't afford it, they go without. If their bosses don't help them, they can't afford it.

Mrs. JOHNSON of Connecticut. Listen to this. In the community health center, they pay according to a sliding scale. For the insurance they would pay on their own, unless they were low income, and then they have vouchers to help subsidize the cost. So we provide universal access to affordable care for all Americans.

Read our stuff. Read our stuff. But we don't have health alliances that will export jobs from my State. We don't have mandates on small business that will retard the growth of the very good venture capital, little companies, that our future as a nation depends on. And we don't go to global budgets and price setting and state budgets.

Mr. GEPHARDT. Mrs. JOHNSON, why don't you want to do something about costs? Eighty percent of the American people are covered, have health insurance. Their problem is they are not going to be able to afford it. Nothing in your plan does anything to hold costs down, to give people affordability.

Mrs. JOHNSON of Connecticut. No, three things do. There are lots of things about holding costs down. First of all, the cost driver is the increased ability to diagnose and treat illness. We know a lot more about diagnosing. We can do a lot more tests and treatment. I want a solution that guarantees you will still get the diagnosis and treatment you want. I don't want arbitrary global budgets that will deny you treatments or care when you need it. I want to change the system so it makes better decisions, doesn't duplicate tests, doesn't provide inappropriate care, doesn't give you stuff you don't need just to make a profit, and that is what the Republican system does.

Mr. STARK. The gentlewoman's expertise is known far and wide in the medical area.

Mrs. JOHNSON of Connecticut. I earned it on my own.

Mr. STARK. How would the system improve on the system known as Medicare?

Mrs. JOHNSON of Connecticut. How would I improve Medicare? I would improve Medicare by allowing all Medicare patients in all States, not just 15, to have access to the Medicare Program that is a managed care program, and for the same premium gives you prescription drugs. But we haven't been willing in Congress to open up Medicare to the private sector, God forbid, even though seniors could get more care, prescription drugs, and more options.

Mr. WAXMAN. I find that very peculiar. Medicare people go in the private sector.

Mr. CARDIN. The time for this section has expired. The Republican team is now yielded time to question Mr. GEPHARDT.

□ 2100

Mr. GINGRICH. Let me say that I am delighted that finally we can now get to what I believe the Democratic side

agreed to defend, which is the bill introduced by Mr. GEPHARDT for himself and a host of others in the title H.R. 3600 which I think was the topic of the debate, not what Mr. STARK decided to replace the bill with, because he did not like this one, not with what Mr. WAXMAN will later on replace the bill with, not the various versions that Ms. DELAURO decided to have but, rather, the bill you were supposed to be defending, H.R. 3600.

I want to go back to the topic of mammograms for a second, because my good friend, who is a very modern and wise person. knows that we are in the middle of a biological revolution. He knows that there is genetic research. He knows that there are many things going on.

Do you really think it makes sense, from page 40 to page 47, to write into law which tetanus shots, which inspections, which mammograms at which age, to have the Congress of the United States writing into law with the cumbersome, slow, politicized procedures we have, to lock into law these kinds of situations, and in the Clinton bill, which you are defending, to block mammograms for women who are, I believe, under 45.

Mr. GEPHARDT. I would rather have mammograms between 40 and 47 than not at all, which is most of your plans. You do not have any benefit package that is described. You do not. There is nothing in the Michel plan that you all endorse, there is absolutely no benefit package. You turn it over to the insurance board. I would rather have the Congress, the elected Representatives. make those kind of decisions.

Let me say this, if you want to have more mammograms, as Mr. STARK said earlier, we would be happy to have your support to work with us to get the mammograms for women at a much earlier age.

Mr. GINGRICH. Let me just say to my good friend, first of all, that what you just said about the Republican plan is not true, unless the only things that every count in life are mandated and required by a Federal bureaucracy. Our plan allows women and their doctors to choose. I realize that if you believe in only government and bureaucracy, our plans seems invisible.

But let me carry you back again to page 43 and 44 of the Clinton plan you are defending, which says you have got to be 50 years of age. Do you really believe in the plan that you are defending in this particular debate that that is a wise provision? Are you prepared to defend to every woman under 50 that her government by law, by law would block her from getting that mammogram?

Mr. GEPHARDT. Let me say again, Mr. GINGRICH, something is better than nothing. What you are offering the American people is nothing. You do not have a described benefit. You are buying pig in a poke if you buy the Republican plan.

At least with the Democratic plan, we have described benefits. And again, we welcome you to work with us. We need your help.

Mrs. JOHNSON of Connecticut. We gave them the right to choose it. And half the managed care plans provide mammogram reimbursement for women of all ages.

Mr. GEPHARDT. You say, yes, you can all have health insurance like you can have it today, if you can afford it, if you can continue it.

Mrs. JOHNSON of Connecticut. We make it affordable.

Mr. BLILEY. I would like you to comment on the letter I received from one of my constituents, Ed Gooding. He operates a small data processing company in Richmond, VA. He has 70 people on his payroll, and he is fortunate in that he had been doing well enough to be able to purchase health care for his people.

Can he continue on his way with the Clinton plan? No; his costs for health care will rise from $162,000 to $253,000 under the Clinton plan.

Where will he get that money?

As his letter points out, this means more of his money will come to Washington and will go out of the local economy. Couple that with the fact that "my employees will also end up with inferior coverage to what they have now."

Do you have a response for Mr. Gooding? How this plan of the President's is going to help him?

Mr. GEPHARDT. First, Mr. BLILEY, I think maybe you misdescribed the Clinton plan to your constituents, because if he really understood what is going on here, he would know that it is the Clinton plan that finally gets his colleagues in small business and other businesses to be involved in health care.

The reason his health care costs are going through the roof today is that he is trying to do the right thing, and that is to obtain insurance for his employees, while about 30 percent of employers simply are not doing it.

Mr. BLILEY. He has got to pay the $253,000. The difference between $162,000 and $253,000, that is his problem. He has already got the insurance. He loses his insurance and his people are going to get less, and he is going to pay more.

Mr. GEPHARDT. I think his problem today is that the plan we are operating under today, and what you would persist under your plan, simply leaves people who do not provide it out there to do it. They are getting by with something that others are not doing. Let us get everybody involved in health care. Everybody ought to be responsible, everybody, every employer and every employee.

Mr. CARDIN. I now yield to Mr. STARK to question Mr. THOMAS.

Mr. STARK. Thank you.

BILL, I know that you, too, are an expert, probably the Republican expert in the area of health care.

Mr. CARDIN. I have to interrupt. I want to make sure we go in the right order. It should now be up to the Democratic team to question Mr. GINGRICH. I do not want to let Mr. GINGRICH lose that opportunity.

Mr. GINGRICH. I was willing to allow the moderator to leap onto this.

Mr. THOMAS of California. I loved that flattery. I thought it was going to go somewhere.

Mr. GEPHARDT. We would have missed our opportunity.

Mr. GINGRICH. We now know that I am not the leading expert on health care on this panel. I feel the burden is lowered.

Mr. GEPHARDT. Mr. GINGRICH, you mentioned in your opening statement your daughter, who had to wait a year to get health insurance, and that is precisely the kind of problem that we think the Clinton plan solves.

The plan you support, the Republican plan, the Michel plan, would keep your daughter waiting 6 months, if she had a condition 3 months before she bought health insurance.

Further than that, if she got sick while she had health insurance, under the Michel plan that you support, her premiums could triple, quadruple.

Is that the kind of plan you support?

Mr. GINGRICH. Let me say to my good friend, first of all, there are several Republican plans that I have supported, and they have evolved over the last 2 years. They would guarantee that you would have portability, and they do guarantee that you would be protected against this kind of precondition.

But let me tell you, in the context of Ms. DELAURO'S earlier comment, which I respect a great deal, about the cancer that she had recovered from, why my daughter and I, my daughter is a small businesswoman who is afraid she would have to lay off some of her employees. She runs a small coffee company in Greensboro, if I can get a plug in for her. I will tell you why she and I both fear the Clinton plan.

In the process of creating these large bureaucratic alliances, our fear is that 10, 15 years from now, as is happening in Canada and Britain, you would not have the cures for cancer. We just saw a news report from Canada over Christmas where they closed the hospitals for 3 weeks, including the cancer therapies, including the AIDS therapies. And they said, if your child is 4 years old and has got a high temperature but is not vomiting, do not bring them in.

Now, we look ahead and we say, what price are you charging us for this ephemeral hope of universal coverage the way you do it?

Mr. GEPHARDT. We are not talking about the Canadian plan. We are talking about the Clinton plan, and what we are saying is that we get rid of preexisting conditions. The plan you support does not. It would not help your daugher. Our plan does.

Mr. GINGRICH. That is not true. We are not here to defend the Michel plan. We would be glad to have the debate, if you would like to choose that topic, to defense any of the Republican plans: Gramm, Nichols, Stearns, Michel, Thomas. There are a number of good Republican plans.

But let me come back to the comparison, because I think what you said, I would say to my good friend from Missouri, is just not right.

The Clinton plan and Mrs. Clinton's testimony guaranteed a lower rate of increase in budget than any Western country has ever gotten, a lower rate than Canada, a lower rate than Germany. And the only way, the only way you can get to that lower rate is, in fact, to ration health care.

And my fear is, and I have been told, by the way, by many medical hospitals, research hospitals, that now that they have read the Clinton plan, they are terrified of the Clinton plan because it will destroy medical research and lead to rationing of all sophisticated care.

Mr. WAXMAN. Mr. GINGRICH, you quoted a number of people this morning. I would like to cite back to you your statement to the press. You called the Clinton health care proposal socialism.

A lot of us remembered that being said about Medicare. We remember the Republicans saying that about Social Security. And now that President Clinton is trying to make sure that every American gets a private health care insurance policy, you call it socialism.

Do you really believe it is socialism?

Mr. GINGRICH. That is a very good question, Mr. WAXMAN. I will cite two sources. One of my sources is the book "Reinventing Government," by David Osborn, who was the Clinton's advisor, who said, flatly, the West German socialist model is the model, not Canada, West German socialism.

Second, I would say to my good friend, if you will turn to page 109 of the bill you are supposed to——

Mr. WAXMAN. You are quoting the page number from the Clinton bill. But then you want to disassociate yourself from the bill that all the Republicans are for.

Mr. CARDIN. Let Mr. GINGRICH have a chance to respond.

Mr. WAXMAN. Do you not think that is a scare tactic, referring to it as socialism?

Mr. GINGRICH. I certainly hope that Mr. WAXMAN's introductions are not taken out of our time.

If you look at page 109 of the bill you are supposedly defending, the Clinton plan, you will see a provision that allows a State government to take over all health care in a State. If you turn to page 110, you will see that it says at the top, "at the option of the State, the system may sign up everybody on Medicare."

At the option not of the citizens on Medicare, not at the option of the senior citizen, "at the option of the State."

□ 2110

Mr. GINGRICH. I would say to my friend——

Mr. WAXMAN. Do you think people on Medicare are on the Socialist health care plan?

Mr. GINGRICH. No. This allows the State of Louisiana——

Mr. WAXMAN. It is funded by taxes.

Mr. GINGRICH. If I might, let me go back and just repeat my statement. This allows the government of a single State, Louisiana, Arkansas, Maryland, Georgia, a single State, to decide to control all the health care in the State.

Mr. GEPHARDT. I thought Republicans were for a Federal system, and Federalism, and wanted States to help out.

Mr. GINGRICH. Republicans are certainly not for the Federal Government taking away your health control, giving it to a local Governor and State legislature to plan it the way they want to and then saying, "You have no choice, you must do what that State government wants." I think that is fairly close to socialism.

Mr. GEPHARDT. If the people in the State do not like it, they can get rid of the government.

Mr. CARDIN. I now yield to the gentleman from California [Mr. STARK] to question Mr. THOMAS. You don't have to go through all of that.

Mr. THOMAS of California. Where were we when we were interrupted?

Mr. STARK. I would ask, Mr. Speaker, for the very poorest and those for whom medical care is not available, who would you suggest is responsible in the final analysis, who should provide the safety net for the unemployed or the poor in this country?

Mr. THOMAS of California. I think without question that the ultimate provider and supporter of those who have no support would be the Government. The question, I think, is why——

Mr. STARK. I asked the question. I'm sorry, you can ask me——

Mr. THOMAS of California. I'm going to answer the question.

Mr. STARK. You just said it. Your answer is fine. You think it should be——

Mr. THOMAS of California. I would then like to say the question is when, how much, under what circumstances, who pays, and what are the consequences of all of those decisions.

Mr. STARK. Now answer your own. You said it quite well. You said it should be the Federal Government and the question is when. When do you think that should come into effect for the 37 million uninsured? Do you have a time in mind?

Mr. THOMAS of California. First of all, tell me, the universe is going to be the current 37 million?

Mr. STARK. Uninsured.

Mr. THOMAS of California. First of all, the 37 million——

Mr. STARK. Who are poor. I defined them earlier.

Mr. THOMAS of California. Please, please, please. The 37 million uninsured are those that you said Government should support.

Mr. STARK. And you agreed.

Mr. THOMAS of California. I think you need to look at that 37 million, and they are not the poorest of the poor.

Mr. STARK. I defined that and I just asked you when.

Mr. THOMAS of California. There are a majority of people who are earning above the poverty level.

Mr. STARK. Excuse me.

Mr. THOMAS of California. They are young people who did have insurance today——

Mr. STARK. The gentleman did not understand it.

Mr. THOMAS of California. I understood it. You did not ask it right, I think.

Mr. STARK. I said the poor and the uninsured who in no other way could get insurance, and I think you answered. You answered that.

Mr. THOMAS of California. No, that is the question. They can get insurance. It is not that they cannot get insurance.

Mr. STARK. When should that group get insurance who are poor, poor uninsured, unemployed, and who in the final analysis the Federal Government should support? I agree with you. At what point in time should we have that in place? By the end of this decade or when?

Mr. THOMAS of California. The first thing you do is examine those 37 million to find out who could afford it, but given the failure to change insurance laws in the country today on a uniform basis, they refuse to do it. Find out those who are more than willing to pay catastrophic insurance——

Mr. STARK. When should they be covered when we find that out, what time?

Mr. THOMAS of California. If we are talking about 12 or 15 million, which is really a high number to begin with——

Mr. STARK. I will stipulate to that.

Mr. THOMAS of California. Let us do it tomorrow. Let us take all of that money you are saving under the President's plan in cutting Medicare and pay for those people's coverage instead of giving millionaires prescription drug benefits, then,

Mr. STARK. What level of benefits—we are making progress. The gentleman has agreed, if I could identify it, the gentleman has agreed that there are a group, perhaps as many as 10 million, maybe not, that the Federal Government should finally——

Mr. THOMAS of California. I would say 7 to 9 million, if you are going to boil it down to the smallest group.

Mr. STARK. The Federal Government should provide it immediately.

Would the gentleman now like to say what level of benefits—should they receive benefits as generous as you and I receive from the Federal Government?

Mr. THOMAS of California. I think if the gentleman is going to argue——

Mr. STARK. I just asked the question.

Mr. THOMAS of California. Yes. Yes. They should.

Mr. STARK. We are making progress. We are making progress.

Mr. THOMAS of California. How is the gentleman going to pay for it?

Mr. STARK. For those for whom it is unavailable, the Government should do it immediately, if possible, with benefits about as generous as we have. Now, how would you suggest we all pay for that?

Mr. THOMAS of California. I suggest that we take a look at the way in which win money is currently spent today for those people who could otherwise afford their insurance but have Government subsidies for them. Let us begin with means testing Medicare, so that millionaires don't get prescription drugs. Let us not talk about providing long-term benefits for people who are more well-off than the average American. Let us take that money immediately and transfer it to the poorest of the poor, so that instead of a subsidy to millionaires, we do pay for the health care costs of the poor.

Mr. STARK. If that is not sufficient, then what?

Mr. THOMAS of California. It is sufficient. Let me tell you, it is more than sufficient. The President has identified the money, $124 billion to provide new benefits for the entire Medicare population. All we are doing is taking that money and directing it to the 7 or 9——

Mr. STARK. You don't disagree with that, then, is that correct?

Mr. THOMAS of California. If you promise me that that is what we will do tomorrow morning in the Health Care Subcommittee, we can lock that up right away.

Mr. STARK. The Federal Government——

Mr. THOMAS of California. Let us means test Medicare and give it to the people who really need the money. I am with you on that.

Mr. STARK. First you will have to agree to the Federal Government providing the care. If that is what the gentleman agreed to, there could be some progress.

Mr. THOMAS of California. What I agreed to was means testing Medicare, taking money away from people who are getting it now, who really don't deserve it, and giving it to the people who do, and I agree with the gentleman that those people need it. It is available. You folks simply refuse to do that.

Mr. STARK. Is the gentleman opposed to other forms of progressive taxation?

Mr. THOMAS of California. I didn't hear the gentleman.

Mr. STARK. Is the gentleman opposed to other forms of progressive taxation?

Mr. THOMAS of California. Other forms of oppressive——

Mr. STARK. Progressive.

Mr. THOMAS of California. Of course.

Mr. STARK. You were opposed to them?

Mr. THOMAS of California. I'm not opposed to them.

Mr. STARK. We could use other forms of progressive taxation to achieve these ends.

Mr. THOMAS of California. If the gentleman refuses to means test millionaires for getting prescription drug benefits. I guess you have to look to other sources. I would prefer looking there.

Mr. STARK. I thank the gentleman.

Mr. CARDIN. Mr. THOMAS, I now yield you the time to question the gentleman from California [Mr. STARK].

Mr. THOMAS of California. Mr. STARK, in today's Washington Post there was a full page ad, an open letter to President Clinton from 565 economists from all 50 States. They say, "Mr. President, price controls produce shortages, black markets, and reduced quality. Your plan," the Clinton Plan, the plan we are discussing tonight, sets the fees charged by doctors and hospitals, caps annual spending on health care, limits insurance premiums, and imposes price limitations on new and existing drugs. These controls will hurt people and they will damage the economy. We urge you to remove price controls in any form from your health care plan.

You have 2 minutes to tell me why these 565 economists from 50 States are wrong.

Mr. STARK. Mostly, I read through the list, they were mostly second-rate economists, and so I can understand, they wouldn't get their name in print any other way than to buy it.

Mr. THOMAS of California. Mr. STARK, I did not ask you to cite their credentials. I asked you to tell me why.

Mr. STARK. I saw the ad. I took the trouble to vet them out. They are not worth the paper that ad is printed on.

Mr. THOMAS of California. Are they wrong?

Mr. STARK. Of course they are wrong. They were put up to it by some right wing think tank.

Mr. THOMAS of California. Does the President's plan limit insurance premiums, yes or no?

Mr. STARK. That group was put up to that nonsense by some right wing think tank.

Mr. THOMAS of California. No. Does the President's plan limit insurance premiums?

Mr. STARK. Wait a minute. We are talking about that nutso group who put up——

Mr. THOMAS of California. Yes or no, yes or no.

Mr. STARK. They bought their own billboard because nobody else would pay any attention to them, and the gentleman got suckered into that.

Mr. THOMAS of California. The question is, does the President's plan limit insurance premiums, yes or no?

Mr. STARK. The President's plan would control costs through two methods, if the gentleman——

Mr. THOMAS of California. Does it limit insurance premiums?

Mr. STARK. The gentleman at the end of the table is reading it. I mean that the President limits coverage in two ways, controlling——

Mr. THOMAS. He does limit insurance premiums. He does. Why are they wrong?

Mr. STARK. The President limits fees for doctors and hospitals, and limits amounts paid as we do now under Medicare, as the gentleman well knows, for premiums for plans. It it a very good cost containment system, the same one the gentleman uses and helps me legislate with, over Medicare.

Mr. THOMAS of California. Does the President's plan impose price limitations on new and existing drugs?

Mr. STARK. I should certainly hope so, after the experience we have had with the ripoff of this AmGen Co., which is making unconscionable profits on people who need dialysis, unwilling to bargain with the United States, while we throw the taxpayers' money away at these unscrupulous profiteers in the drug industry. I should hope that the gentleman would have the wherewithal to want to protect the taxpayers——

Mr. THOMAS of California. The gentleman agrees with these second class economists.

Mr. STARK. The gentleman does not care about the taxpayer's money, it is obvious.

Mr. THOMAS of California. You found something to agree with the second class economists.

A key element of the Clinton plan is the herding of Americans into something called alliances. As you well know, the alliances are mandatory health plans, making illegal virtually all of the current health plans for Americans.

If this is necessary, and first of all I would ask you if you believe the mandatory alliances outlined by the President are necessary, then why should people be forced into these plans? Do you believe they are necessary?

Mr. STARK. The gentleman correctly states my position. I support alliances such as the CalPers plan in California, but not——

Mr. THOMAS of California. That is not the President's plan.

Mr. STARK. I do not find that it is necessary to mandate them, and I find that alliances, like managed care, grow quite well by themselves, thank you.

Mr. THOMAS of California. So you agree, then——

Mr. STARK. I would support making alliances and coops available to people to help them do what the President does. I don't think it is necessary to mandate them.

Mr. THOMAS of California. So you don't support the President's plan forcing all Americans into alliances?

Mr. STARK. I support the concept of collective buying and I support the concept of consumer empowerment. I don't think it is necessary to make it mandatory.

Mr. THOMAS of California. And you don't support the President's plan in that regard?

□ 2120

Mr. STARK. That is correct.

Mr. THOMAS of California. That key has controls, the structure which controls the flow of money, through which every American will be buying their health plans, you believe, is not a key element of the President's plan?

Mr. STARK. I believe the key element is what is missing in your plan, and that is that every American gets health insurance, and you do not do that.

Mr. THOMAS of California. In my plan——

Mr. STARK. I believe it should control costs, and you do not do that.

Mr. THOMAS of California. You are wrong; you are wrong.

Mr. STARK. I believe that we should control quality, and you do not do that.

Mr. THOMAS of California. You are wrong. I would love to take an hour on the floor discussing the Thomas-Chafee plan.

Mrs. JOHNSON of Connecticut. I would love to take an hour on the floor to explain your plan does nothing.

Mr. THOMAS of California. You are wrong.

Mr. STARK. Which is at least what it would take.

Mr. THOMAS of California. It seems to me that you would spend a little more time on the President's plan looking at the key elements like these compulsive, mandatory alliances which will force all Americans to give up their current insurance even if they are not part of the problem. But I am pleased to know the gentleman agrees with me.

Mr. STARK. I skipped right over the mandatory alliances and looked at his goal, which is to provide health care to every American at a price they can afford and at a date certain with a benefit level that we all understand, which no other plan does.

Mr. CARDIN. I now yield to the Republican team who may question the gentleman from California [Mr. WAXMAN].

At this point, it might be good for me just to ask both teams, if they would, the time belongs to the questioning team, but if we could allow a little bit less interruption when the questions are being given and the responses are being made, it may facilitate the debate.

The Republican team is recognized.

Mr. BLILEY. Thank you, Mr. Moderator.

Mr. WAXMAN, under the Clinton plan, every American who is currently insured will have to give up his or her health plan no matter how satisfied he or she may be with it. They will then have to go to this bureaucracy called an alliance and get their health insurance from the Government.

Why should most Americans have to give up what they have in order to provide coverage for those that are uninsured?

Mr. WAXMAN. The gentleman is absolutely incorrect about the circumstances for most Americans.

All Americans under Clinton's proposal will have choices, and one choice they will have is to stay in the plan they now have if it meets the minimum benefit package, but people will have choices, because they will have an opportunity to go to a number of different plans, and those choices are evaporating quickly for the insured as they are forced into managed care, which is maybe not where they would like to have themselves and their families receive medical care; and people who do not have insurance, I can assure you, have no choice at all.

Mr. BLILEY. If I have a plan with the Prudential Insurance Co. today under the Clinton plan, and I am satisfied with it, I would have to give that up and purchase a plan, one of the approved plans, from the alliance?

Mr. WAXMAN. If your plan——

Mr. BLILEY. Why should I have to do that?

Mr. WAXMAN. If your plan meets the specifications of the benefit package, and there are a lot of plans out there now that are really pretty skimpy, but if your plan meets that benefit, then you may choose that plan. I think it is your right to choose.

Mr. BLILEY. Let me——

Mr. WAXMAN. People do not get a choice today, and President Clinton will give them that choice.

Mr. GINGRICH. What you just said, let me say to my friend, and I notice what you just said, and it goes to the core, I think, of one of the major differences between our two sides.

That is not if the plan is the one I want, not if the plan is the one my family likes, not if the plan is the one our doctor and hospital and we have created, if the plan happens to meet what the bureaucrats have decided under the National Health Board is OK, so is it not true that if they do not meet that criteria, every American, even if they are satisfied, would have to give up their current plan if it does not meet the criteria of the bureaucrats.

Mr. WAXMAN. I am amazed how Republicans want to tell the American people to be afraid of something when they are so wrong about what the proposal would do.

The American people should understand that they will have a choice. They will have the insurance plan that they want. They will have more than one choice. The Republican idea——

Mr. THOMAS of California. No. Not that they want. No.

Mr. WAXMAN. The Republican idea—and it will be affordable, but the Republican idea is that they should have to pay more out of their pockets in order to receive insurance coverage; if they do not have it, they still will not have it. There is nothing you will do for them.

Mr. GINGRICH. Let me ask you, is it not true that in this bill, a State could establish by a vote of the State legislature a single-payer plan in which you would have no choices except those given you by the State legislature?

Mr. WAXMAN. The gentleman is absolutely incorrect. The single-payer plan——

Mr. GINGRICH. Have you read the plan?

Mr. WAXMAN. I tell you, you are incorrect. You may not want to hear it, but you are wrong. A single-payer plan is Medicare. Medicare will pay to see any doctor you choose. If you want to sign up in an HMO, you can do it. It is a single-payer plan if the State chooses.

Mr. GINGRICH. Wait a minute, page 108, if the State chooses, the State has chosen for you.

Mr. WAXMAN. By the vote of the State legislature, duly elected legislature and Governor, may decide they can have everybody enrolled in a plan, enrolled in a system, where they would then choose whatever doctor or plan they want.

Mr. GINGRICH. Let me suggest here, page 109, just so you know that I am not making this up: "State law provides for mechanisms to enforce the requirements of the system. The system is operated by the State or a designated agency of the State."

Mr. WAXMAN. Do not get bogged down in reading words and misinterpreting them.

Mr. GINGRICH. Let me finish.

Mr. WAXMAN. If you agree with my principles——

Mr. GINGRICH. Mr. Moderator——

Mr CARDIN. The time belongs to the Republican team.

Mr. GINGRICH. Let me finish. Page 110, "Mandatory enrollment of all regional alliance individuals." I am just pointing out to you the words, and here are not the words: "choice," "you control your own," "you have any kind of control." The words in here are your Governor and your State legislature

can take over your health and your insurance and define for you; what if, by the way, they decide not to contract with the Mayo Clinic; what if they decide not to contract with the Cleveland Clinic; what if they decide that you only get to go in your State to your local hospital? Would that be possible?

Mr. WAXMAN. If the gentleman would permit me, let me clarify, there is a clear specification that all of the teaching hospitals and tertiary care centers will be a part of every plan. There are protections in there for needed community facilities to be in every plan.

The alliances, which the President has as his proposal as to how to accomplish his goals, let us accomplish his goals any way we want, and his goals are to let every American get coverage for an affordable health care plan, and they will have choices, not the insurance company choosing for them, but choices that they make for themselves and their families.

Mr. CARDIN. I now yield to the Democratic team to question the gentleman from Virginia [Mr. BLILEY].

Mr. GEPHARDT. Mr. BLILEY, you were talking before about the question of choice. You were talking also about costs, and I would simply like to ask why it is that none of the Republican plans, except perhaps the plan by the gentleman from California [Mr. THOMAS] and the gentlewoman from Connecticut [Mrs. JOHNSON], really tries to get everybody involved in health care, really makes an attempt. I do not agree entirely with the way they do it, but at least they have made an attempt. Why are you not for that?

Mr. BLILEY. Why are you refusing to debate the question which is today the Clinton Health Plan? Why are you wanting to talk about the Republican plan? The Clinton plan is—we will take some time later and discuss any plan you want, but tonight we are discussing the Clinton plan.

Why do you run away from it at every opportunity?

Mr. GEPHARDT. We are not at all running away from it. I am very proud of it. I am happy to talk about it. But I get to ask you a question, and my question is: We are talking about elements of plans that get the job done.

Mr. BLILEY. The elements of three plans.

Mr. GEPHARDT. Why are you not for a plan that gets everybody involved with their responsibility to have health care?

Mr. BLILEY. We are interested in getting everybody involved, but we do not believe that one size should fit all, that people should have the choice of who their doctors should be. We think people should not lose their insurance when they leave their job. They should be able to carry it with them.

We believe that they should not have their insurance denied for a preexisting condition, or if they get sick. We believe that we should have serious malpractice reform.

Mr. GEPHARDT. Mr. BLILEY, you are a sponsor of the Michel plan. The Michel plan does not take care of preexisting conditions. It limits them, but it does not get rid of them. If you get sick while you, under your insurance policy——

Mr. BLILEY. Well, I do not think, I say to the majority leader, I do not think any plan gets rid of a preexisting condition.

Mr. GEPHARDT. The Clinton plan does.

Mr. BLILEY. It does?

Mr. GEPHARDT. It does.

Mr. BLILEY. It cures people?

Mr. GEPHARDT. It does. It gets rid of it.

Mr. BLILEY. What is the cure for AIDS? Is it in here?

Mr. STARK. The gentleman is brighter than that. The gentleman is listening to the chorus behind him. You are being confused by these people throwing answers at you. You are brighter than that, Mr. BLILEY. No, sir, you know that a preexisting condition refers to an insurance term. The gentleman is hiding behind a corn pone vernacular that does not do him justice. He is a brilliant scholar, and I know that he knows that preexisting conditions refer to an insurance condition. Your plans do not eliminate preexisting conditions, and the President's plan does.

Now, do you believe that we should limit insurance companies from using preexisting conditions to deny insurance, and if so, why do not any of your plans do that?

Mr. BLILEY. The Michel plan does that. Read it.

Mr. STARK. No. It does not. It simply does not.

Mr. GEPHARDT. It does not. You can quadruple premiums if you get sick on the plan, while you are on the plan. Nothing in the Michel plan stops an insurance company from doing that. If there is one thing we need to do——

Mr. STARK. The man behind you said page 13——

Mr. BLILEY. Page 13, Mr. Majority Leader. Read it.

Ms. DELAURO. It furthermore allows you to charge more for older workers than for younger workers.

Mr. BLILEY. Do you have a question, Ms. DELAURO?

Ms. DELAURO. It furthermore charges more for older workers, older people, than younger people. I am just saying that you make statements about the Michel plan that are absolutely wrong. You do not know what bill you have signed on to.

□ 2130

Mr. BLILEY. Page 13, it says no limit on preexisting condition. You cannot deny insurance for a preexisting condition.

Mr. GEPHARDT. But it does not say they are prohibited from raising premiums on the people.

Mr. BLILEY. We do not believe in price controls, you are exactly right.

Mr. GEPHARDT. We believe that they should not be able to do it.

Mr. STARK. There is a case of a woman in my district who is 8 months pregnant, had her policy canceled, and the company said, "You may continue that policy for another month for $17,000." Is that what the Michel bill does? Is it not?

Mr. BLILEY. No, no. Now, wait a minute, let me answer. May I answer the question.

Ms. DELAURO. Under the Michel bill, as a cancer survivor I could not be covered.

Mr. BLILEY. Mr. Moderator, I ask for regular order, if you please. Mr. STARK asked me a question. Do I not have the right to answer before Ms. DELAURO interrupts? Thank you, Mr. Moderator.

It does limit how much premiums can increase. So the sky is not the limit.

Mr. STARK. But that is, in effect, not providing a limitation on preexisting conditions, is that not the case?

Mr. BLILEY. Repeat the question.

Mr. STARK. That does not limit preexisting conditions? That says you charge more for them, does it not?

Mr. BLILEY. But it doesn't—it says you cannot deny. It certainly does, it says you cannot deny insurance.

Mr. STARK. But charge more.

Mr. BLILEY. It says you cannot deny, and it limits how much you can increase the premium.

Ms. DELAURO. Mr. BLILEY, let me just quote the AMA to you, which says, "The Michel plan will lead to lower-quality care because people will have a financial incentive not to use preventive care," that it threatens the quality of care, and in fact what it does is puts the burden on that individual.

Mr. BLILEY. Well, what is your question?

Mr. CARDIN. The gentlewoman will have the time to repeat the question, and Mr. BLILEY will have 30 seconds to answer.

Ms. DELAURO. Do you agree with that? Mr. BLILEY, do you agree with putting in danger people's health care, which is what the AMA says the Michel plan will do?

Mr. CARDIN. Mr. BLILEY will have an opportunity.

Mr. BLILEY. That is why I am against the Clinton plan, because it rations care. It is the only way you can meet those caps. I believe your time has expired, and I am just using mine to respond to your question.

It does not allow the rate to go above the CPI. No country in the Western world is able to control prices to that extent.

Ms. DELAURO. Mr. BLILEY, that is not true.

Mr. CARDIN. I now yield to Mr. GEPHARDT to question Mr. GINGRICH.

Mr. GEPHARDT. Mr. GINGRICH, two of your colleagues who are debating here tonight are for a plan that I do not think you endorse, but it is a plan that at least tries to see that everybody gets covered. They have a family mandate to see that everybody is covered with insurance. I know there is a debate raging in your party, it probably was raging in Annapolis in your meeting with Members of the other body about health care about this issue.

Can you come out for and work with us for a plan that insures that everybody is guaranteed private health insurance?

Mr. GINGRICH. I would love to see the Clinton plan change so dramatically that we are talking about private health insurance and we are giving up the States that have single-payer and giving up the Government's mandatory allowances. But if you would be willing to back off from the Clinton plan and approach the issue of private insurance, I can assure you, just speaking for myself—and I can't speak for my good colleagues—but for myself I absolutely want to see that every American has coverage. I said in Annapolis I believe we should do everything we can to get coverage.

But I would make this point to my friend: When you say to us the only way—and by the way, you are the first Democrat I have heard who has admitted that there are Republican plans which get us to universal coverage, that there are Republican alternatives that do not have a national health board, do not have a mandatory Government bureaucratic alliance, do not require the Clinton multiple-page complexity but in fact get to universal coverage. I appreciate your recognition of the Republican contribution. We would be delighted to work in a bipartisan manner to try to write a genuine free-market bill with personal responsibility and with families having a real choice which sought to get every single American an opportunity to buy health insurance. I would be glad to start that tomorrow.

Mr. GEPHARDT. Mr. GINGRICH, we are making progress now.

Let us tease it——

Mr. GINGRICH. I am not sure that that is part of your debate program.

Mr. GEPHARDT. Let's go a little further because I think this gets to the heart of the matter. We are here tonight to talk about goals and elements of the plan that we think are very important. I know you want us to defend every word on every page of the bill. And that is fine, that is a great debate technique. But let us get down to what this is about. We care, and I know you care, about getting every American family to have guaranteed private insurance that cannot go away. We care about it, and I think you care about it. Two of your colleagues have had the courage to come forward with a plan that has unpopular features in it in order to get that done. And we have got what I am sure can be unpopular features, in order to get that done in our plan.

The truth is, if we are going to get this done, leaders like you in your party I think have to come out for plans like that so that we can begin this discussion to get down to brass tacks. Are you willing to do that?

Mr. GINGRICH. But I am so shaken when I see, as I did in the morning paper, your assertion that you would have to pass the plan with only Democratic votes. I am so disheartened when I see your side not willing to work with us on a bipartisan basis, that it is hard for me to respond to that the way I would like to.

But I can assure you that if you would really like to work together, I am prepared to say let us start with, I think, the plans that are already out here that I think are bipartisan.

I look at the Bilirakis/Rowland plan, I look at the Cooper/Grandy plan. I certainly look at the Thomas/Chafee plan. If you are willing to start with those plans as a beginning point, I think together we could be creative in finding a solution.

What I cannot do, I say to my friend, it is not just that these are little points; the American people have learned painfully that big, thick bills become even bigger and thicker regulations and they need to long jail terms. This is not always obvious to everybody in public life, but you are actually supposed to obey these laws. In that context, it is dangerous for the Congress to just pass lots and lots of regulations that even very well-informed lawyers may not fully understand and be able to obey.

Mr. GEPHARDT. Mr. GINGRICH, are you for compulsory auto insurance, do you think those are good laws?

Mr. GINGRICH. I think in the average State which has compulsory auto insurance, 40 percent of the people do not in fact have auto insurance. I think that is a fact. I think in the District of Columbia, which theoretically has compulsory auto insurance, 40 percent do not have auto insurance. We have to quit lying to ourselves about the power of Government to play King Canute and tell the waves to quit coming in, because the States that have had compulsory auto insurance, their insurance costs have gone up and the number of people who fail to get insurance has gone up.

Mr. GEPHARDT. Are you for the Medicare plan? Do you want to get rid of it, or do you think we ought to keep it?

Mr. GINGRICH. I think we should keep the Medicare program, and I think we should increase the opportunities for Americans under Medicare to get even better care with even a broader range of choice with less red tape and less bureaucracy, which is why I oppose going in the opposite direction and adding more red tape and more bureaucracy.

Mr. GEPHARDT. I think we are out of time.

Mr. CARDIN. The time has expired.

I now yield to Mr. GINGRICH, who will question Mr. GEPHARDT.

Mr. GINGRICH. Let me start, I guess, with what I find to be the most puzzling part of the whole experience. You and I in a couple of weeks will be going to Russia on a second trip to try to say to the Russians less bureaucracy, less centralization, less Government control, more marketplaces, more incentive, more entrepreneurship.

In that context, beyond the debating points, does it not worry you to be setting up a national health board—I do not have the exact number at my fingertips—with something like 17 new mandates in this bill? I could cite them if you doubt it. Does it not worry you that the design—and I sympathize with the goals and I know it is hard to come in as a brand-new Administration with all the paperwork and confusion to try to actually write a bill like this. But doesn't it worry you that the Clinton bill is in fact everything we are telling Boris Yeltsin to quit doing?

Mr. GEPHARDT. Mr. GINGRICH, I have said many times that what we have got to look at here are goals. There are certain things we have got to try to get done. What we need to talk about more honestly, I think, with one another is how it is best to do that. How can we get certain things to actually be accomplished?

Back in 1978 I agreed with Republicans and together we defeated Jimmy Carter's hospital cost containment. We said at the time that we ought to have competition. I led the effort with Republicans to defeat a Democratic President's plan because I thought it was not the right plan. What has happened in the last 15 years since we did that?

□ 2140

Prices have skyrocketed, competition hasn't been fair and equal, we haven't been on a level playing field, and now we come back to these questions, and I'm willing to criticize a stand that I took 15 years ago. I think I made a mistake. I think we have got to look at ways to do these things, and all I ask you to do—how do we get prices down? How do we actually get people involved in health care?

Mr. GINGRICH. I'll give you an answer.

There are a lot of ideas that are market oriented. The medical savings account, for example, lowers the cost by some 30 percent when tried by Forbes magazine and Golden Insurance Co. The Steel Case Co. in Michigan did a 5-

year effort in preventive care. They lowered their costs by 35 percent. There are many ways to have a free market with free people making free choices because I think the American people are pretty smart.

Mr. GEPHARDT. Mr. GINGRICH, we had a free market for these 15 years——

Mr. GINGRICH. We haven't had a free market——

Mr. GEPHARDT. We have had a free market. Your bill doesn't do anything, so——

Mr. GINGRICH. We certainly do. We move in exactly the direction of a fair market, but let me ask you a question about the plan you're supposedly defending tonight.

If you look at this plan, and particularly pages 25 and 109, 110 and 674, it spells out how senior citizens can be forced out of Medicare and be forced to buy this new alliance insurance even if it would be different in their State than it would be in the rest of the country. So, if you happen to be in one State, and the State government adopted this new system for that one State, you could be getting totally different care if you moved across the State line.

Do you really think we should adopt a bill which coerces senior citizens in a single State and gives them no choice about what would happen to them?

Mr. GEPHARDT. I just think your characterization of what the bill calls for is completely wrong. Medicare recipients gain under the Clinton plan. Medicare recipients today can choose the doctor they want, they can choose the plan they want. If a State decided to have an alliance, and they were going to choose through the alliance, they would have the same choices available they have today.

Mr. GINGRICH. That's completely inaccurate.

Mr. GEPHARDT. You use scare words like coercion. Nobody is coercing anybody to do anything, plus we're trying to help people have prescription drugs paid for by the plan, something that none of the Republican plans do.

We enhance Medicare. We increase the benefits of Medicare. We make Medicare better than it is today. What's wrong with that?

Mr. GINGRICH. What I'm saying to you is, if you read starting on page 109, a single State can design a system totally different than the State next to it and could say that you have much fewer choices as a senior citizen.

Mr. GEPHARDT. That's just not true. It's not true.

Mr. GINGRICH. I'm reading from the plan.

Mr. GEPHARDT. Well, you're reading it wrong.

Mr. GINGRICH. It says—I'm reading it wrong?

Mr. GEPHARDT. You're reading it wrong.

Mr. GINGRICH. It says operate a single payer system. It establishes how they set us, and it says again—let me read the key line, page 110. Quote. And notice whose option it is.

All right; I'm quoting now so I'm not reading it wrong:

> At the option of the State the system may provide for the enrollment of Medicare individuals residing in the State.

Mr. GEPHARDT. That's the same thing they have today. If you're in Medicare, and I know you hate the word government——

Mr. GINGRICH. Nobody can be forced by the Governor of Georgia to leave Medicare and join——

Mr. GEPHARDT. You're for government. You say you're for our Government. Medicare is a Government single payer system, and that's what it is, and people like it, and you're for it, and you say you're going to appeal it——

Mr. GINGRICH. I said the senior citizens of America, over 50 State governments, 50 State legislatures, particularly given, frankly, what we know about corruption in some States, why should we turn people over to those State governments?

Mr. CARDIN. The time expired.

I now yield to Ms. DELAURO to question Mrs. JOHNSON.

Ms. DELAURO. Congresswoman JOHNSON, you propose that we reform health care to reward, and I quote, wellness actions. It's what I think you call it. You want variable premiums that promote healthy behavior, and I'm quoting you. So, substance abuse, tobacco, overweight, underexercise, those are measurable things that, if we develop this approach sufficiently, we ought to be able to check on whether people are, in fact, doing what they say. To me this sounds like big government and, if you will, government at its worst, a real invasion of privacy that I don't see how any person can tolerate.

But I believe, and I just ask you, isn't it really the logical extension of a philosophy that blames people for their health care problems and does not blame industry for the problems that we have today?

Mrs. JOHNSON of Connecticut. I'm delighted to answer that question. In fact only a Democrat could possibly read that statement of mine and assume that I wanted government to set those premiums on that basis.

Absolutely I don't want government to set the premiums. I want the private sector to have the right to say if you're a nonsmoker, you pay less for health care. You bet I do. And that Steel Case example that he just gave where they cut health care costs by 35 percent; you know how they did it? They gave individual members, employees, the option to participate in wellness programs, and, if they did, they got not only direct bonuses, but they also got lower premiums.

Ms. DELAURO. I think——

Mrs. JOHNSON of Connecticut. That's——

Ms. DELAURO. I think your point on tobacco is good.

How would you deal——

Mrs. JOHNSON of Connecticut. My point on wellness was——

Ms. DELAURO. If I might, how would you deal with overweight and underexercise? How would you find, how would you find——

Mrs. JOHNSON of Connecticut. I—ROSA, the difference between you and me——

Ms. DELAURO. Look around this Chamber.

Mrs. JOHNSON of Connecticut. The difference between you and me is I wouldn't dictate it. I would allow companies to say, "You participate as Steel Case did. You participate in exercise class once a week, and you get lower rates before that"——

Ms. DELAURO. So we'll have an exercise police and an eating police to find out who is doing what and how——

Mrs. JOHNSON of Connecticut. No, that's not government doing it, ROSA. It plans on offering it and people taking up the options to voluntarily lower their health care costs through their own wellness actions.

Ms. DELAURO. But, as I say, it is a philosophy that says that people are to blame for the problems of health care——

Mrs. JOHNSON of Connecticut. Oh, no, it's a philosophy——

Ms. DELAURO. And not the industry today.

Mrs. JOHNSON of Connecticut. And people have power.

Now the reverse side is that you don't want people who are nonsmokers to pay lower premiums when they are willing not to smoke. You want them to carry the burden——

Ms. DELAURO. To talk about the people who are overweight and underexercised.

Mrs. JOHNSON of Connecticut. You want young people to pay higher premiums because what you're saying, this is an important element of the plan. You support community rating. I supported tests of community rating. Community rating says young people have to pay higher premiums so their parents can pay lower premiums. They have a tough enough time as it is, ROSA. Why don't you give them a break because——

Ms. DELAURO. Mrs. JOHNSON, every plan that you are on does—deals with—continues to have lifetime limitations, does not exclude preexisting conditions——

Mrs. JOHNSON of Connecticut. Absolutely.

Ms. DELAURO. Discriminates against older workers versus younger. There's even a plan that by occupation the premiums can be rated.

Mrs. JOHNSON of Connecticut. Congresswoman DELAURO, for the public's information, in the past we have allowed rates to vary according to about

five factors, one of which has been a place of work which we now exclude, one of which has been medical risk which we now exclude, but we don't want rates to vary by age because otherwise young people have to get the cost shifted on to them of older people. They are carrying Medicare and Social Security already. Why should they carry their parents——

Ms. DELAURO. Mrs. JOHNSON, a primary element of the Clinton plan is to provide guaranteed private insurance to everyone——

Mrs. JOHNSON of Connecticut. You bet it is.

Ms. DELAURO. Private insurance to everyone where the insurance companies cannot discriminate against anyone based on age——

Mrs. JOHNSON of Connecticut. Right.

Ms. DELAURO. Gender, occupation, illness, or anything that they can come up with——

Mrs. JOHNSON of Connecticut. And it's typical——

Ms. DELAURO. To say no in terms of coverage.

Mrs. JOHNSON of Connecticut. In answer to your question do I support body rating, it's big government telling us that the private sector can say to people, "If you don't smoke, you can pay less; if you're younger, I'm not going to shift costs"——

Ms. DELAURO. Mrs. JOHNSON, anyone who would want to monitor people's eating habits and their exercise habits, have government doing it, is really going to talk about——

Mrs. JOHNSON of Connecticut. I'm saying rewards, incentives——

Ms. DELAURO. And in order to——

Mrs. JOHNSON of Connecticut. You bet——

Ms. DELAURO. And I would like to see who it's going to be when government has the eating police and the exercise police to monitor——

Mrs. JOHNSON of Connecticut. Typical Democrat, you can't imagine that anybody could do this without government. I'm not setting the rates for the private sector. I'm just saying you can't medically underwrite, you can't exclude people with preexisting conditions, you can't increase the rates more than a very modest amount from year to year, and you have to take anyone who wants to buy your plan for the very same premium. That's insurance——

Ms. DELAURO. Time is up.

Mrs. JOHNSON of Connecticut. And, by gum, if you had supported me then we could have solved those problems.

Mr. CARDIN. We are now going to switch. In case people did not recognize it, now we are going to have Mrs. JOHNSON question Ms. DELAURO.

Mrs. JOHNSON of Connecticut. Well, she asked me my first question, so that makes it real easy.

The President's plan recognizes that small businesses are going to have a tough time paying the premiums and offer subsidies. How does the gentlelady from Connecticut rationalize supporting a plan that will not offer subsidies to Connecticut's small businesses because there isn't any small business in Connecticut that has an average wage of $12,000 so we are cut out of the 3.5-percent premium subsidy category?

Ms. DELAURO. Well, as a matter of fact, in terms of Connecticut business people because——

Mrs. JOHNSON of Connecticut. Answer the specific question. Do you support small businesses not getting subsidies because the Federal plan isn't structured to recognize Connecticut's needs?

□ 2150

Ms. DELAURO. Mrs. JOHNSON, let me answer the question of small businesses. The issue is Connecticut in fact, and we have a good State that we both come from, that has a lot of our businesses today who do cover their workers.

Mrs. JOHNSON of Connecticut. All but 7.6 percent.

Ms. DELAURO. And they are terrific at that. Which means in fact that when you can provide an opportunity for those businesses, who in fact now are subsidizing those businesses that are not covering their employees, you are going to provide these businesses and these employers with an opportunity to see their rates lowered, their premiums lowered, and in fact save money.

Mrs. JOHNSON of Connecticut. We have been devastated by a recession. Our small businesses need subsidies if they are going to have to provide better benefits. The President's bill will check them out of the subsidy plan, and you support that bill.

Ms. DELAURO. Employers who already offer insurance, this is in the State of Connecticut, will pay $1.1 billion less in premium payments in the year 2000 than they would without comprehensive reform, $805 less per worker for 1.8 percent of payroll. I think I have answered your question.

Mrs. JOHNSON of Connecticut. Isn't it odd that study didn't use the Congressional Budget Office figures? It used some weird model no one is familiar with? If we use Congressional Budget Office figures, we don't save money. We cost money.

Ms. DELAURO. I would be happy to use Congressional Budget Office figures in reference to small businesses, which is very, very clear in saying in fact employers are going to see health costs go down, and in fact that employers might be able to provide increased wages and we will see even a creation of jobs. And you know and I know how important that is to the State of Connecticut.

Mrs. JOHNSON of Connecticut. And, of course, Congresswoman DELAURO, since small businesses in Connecticut will not be qualified for the subsidies, they will have to close, rather than expand. Let me just finish. You had quite long time.

Ms. DELAURO. You are supposed to be asking me a question. Let me answer.

Mrs. JOHNSON of Connecticut. Small businesses in Connecticut won't qualify for the subsidies in the President's plan. That is the subsidy structure that you support. And we won't qualify because our average wages are too high. But our profit margins are zero, because we are in such a recession.

Ms. DELAURO. I got a call about 2 days ago from Harry Pappas. And you can call Harry up. He runs a cleaning business in New Haven, CT. Harry received a package from the National Federation of Independent Businesses. The sole purpose of him giving me a call was to say ROSA, do not support the President's plan. They also sent him a worksheet. Wait a minute, let me finish.

Mrs. JOHNSON of Connecticut. It is my questioning time, and you are taking it from me. You are taking so long. Get to the point.

Ms. DELAURO. Harry filled out the sheet, and, lo and behold, he found out he was going to save 37 percent on his health care cost. He called me and said ROSA, support the Clinton health care plan.

Mrs. JOHNSON of Connecticut. A whole chain of small businesses from Connecticut testified before the Ways and Means Committee 3 days ago.

Ms. DELAURO. We are talking about different small businesses in Connecticut.

Mrs. JOHNSON of Connecticut. It would push his costs up extraordinarily and send five of his companies at risk out of business. When the President says small businesses can't afford this, that is why we have to subsidize them, and when Connecticut small businesses won't qualify for any of those subsidies because of the way the President structured them, don't you believe for a minute that our small businesses making zero profit are going to increase their insurance.

Mr. CARDIN. Let Mrs. JOHNSON please complete the question.

Mrs. JOHNSON of Connecticut. You support a bill with mandatory health alliances. Mandatory health alliances will force the purchasing of insurance to move on to a State-by-State business basis, individual-by-individual. This will cause Connecticut to lose clearly and quickly thousands of jobs, because we have thousands of people who are doing a very efficient job of purchasing insurance for millions of Americans in a very quick and efficient fashion.

How can you support a bill that not only will hemorrhage jobs out of Con-

necticut, but will increase the overall cost of the purchasing operation of insurance?

Ms. DELAURO. Let me talk about the whole issue of alliances, which has been referred to tonight over and over again.

Mrs. JOHNSON of Connecticut. I asked you about the job impact in Connecticut. That is my question, and you have 30 seconds additionally to answer it.

Mr. CARDIN. We are well beyond the 5-minutes of this section. Ms. DELAURO may respond.

Mrs. JOHNSON of Connecticut. The time is out. The question is jobs in Connecticut from the health alliances. They will be hemorrhaging.

Ms. DELAURO. You are wrong. You are absolutely wrong. I don't care what you call it. You can call it Rural Electrification, the Grange, Farmers' Co-op, you can call it whatever you want. Let us focus in on what the purpose is of having a mechanism that says small businesses gather together so in fact they have a better purchasing power. You let the little guy have more buying power.

Mrs. JOHNSON of Connecticut. Jobs in Connecticut, the health alliance, but purchasing alliance, which I introduced 3 years ago.

Mr. CARDIN. Everybody can relax a little bit now. We have finished the portion of the debate in which teams or Members will question each other. We will now have the closing arguments. I would first yield to Mr. GINGRICH for the closing points.

Mr. GINGRICH. Let me thank our friend from Maryland for being the moderator tonight. I think this has been a useful experiment, and we will find out over the next day or two if our colleagues think it is useful to have eight of us down here doing this sort of thing.

I wanted to make three points. The first is I was on a college campus in Georgia. A woman got up, a student, who was a native American, and she said she had to speak out, that if every American understood how bad Government health care is on the Indian reservations, they would not tolerate the idea of extending Government medicine to everyone else.

It was a very moving and very powerful point, that here we are, not able to have public schools that work in the inner city, not able to provide safety to our children, not able to have Government that functions in all of its current duties, and we have a proposal in a massive bill to extend to every American a Government bureaucracy controlled from Washington, with decisions made by people appointed by politicians.

Second, I wanted to make the point that this is all real. This is not a debate at Oxford. This is not a set of nice resolutions or goals. I can agree to most of the goals my Democratic friends have. This bill would put into place some truly bizarre things.

If you take a look at the details, and I keep citing the bill because that is what becomes law. On page 120, it says that none of the board of directors, none, can be a health care provider, an individual who is an employee or member of a board of directors of a health care provider, a health plan, a pharmaceutical company, a supplier of medical equipment, a person who derives income from provision of health care, a member or employee of an association, law firm or other association. It goes down through for a page saying that if you know anything about health care, you can't serve on the boards.

Later they develop this brand new monstrosity called a National Council on Medical Education, totally appointed by the Secretary of Health and Human Services, who is of course appointed by the President. So they are all political appointments. This national council will be able to decide how many black doctors, how many Asian doctors, how many women doctors, how many Polynesian doctors.

This is a level of Government control that is just wrong. It is not what America is about. We want to work on a bipartisan basis for a bill that has the private sector, personal choice, personal responsibility, and a chance to create a better America, not a chance to turn America into a giant German Bureaucracy.

Mr. CARDIN. I now recognize Mr. GEPHARDT for a closing.

Mr. GEPHARDT. I want to start my closing with a story tonight. Twenty-one years ago, almost this month, my son was diagnosed with terminal cancer, and I remember talking to the doctors in the hall that night when he was diagnosed and thinking that we didn't have a chance. But in the months ahead, because of their work and their dedication and nurses and doctors in hospitals all over the country, we worked with him, and he prayed. And tonight he is alive. He graduated from college last May.

We were lucky. We had insurance. We were covered. There are so many people that were in the hospital with us who had kids with cancer who didn't have coverage, because they couldn't afford it.

I have thought many times if he had gotten cancer today, would we have been able to afford it? I was a young lawyer in St. Louis. I didn't make a lot. Could we afford it today? Would he have had coverage?

Would he have been able to get treatment under the preexisting conditions and rules that are in many policies today?

I am not sure he would. He called me the other night. He still has lots of problems from his cancer. He got a job after he graduated from college, and he was telling me he was afraid to go to the doctor to get these problems taken care of because there was a preexisting condition clause in his policy now. He has got to wait 6 months before he is covered.

□ 2200

We can do better than this. Back in the time of the Depression, the Democratic Party came forward and said, we have to have Social Security; people have to have a pension.

We came forward with, yes, a government program, and you called it socialism and a dictatorship.

But when the votes came here, you joined with us and a majority of Republicans voted for this program. The same thing happened in 1965. You are a great party, and you are good people. And you want this country to do well. You are better than this. You can do better than this.

Let us have plans like the Thomas and the Johnson plans. Let us talk about a compromise. Let us do this for the American people. We can do it. It is the right thing to do: Affordable health care, guaranteed private insurance that never goes away, choice, and protecting Medicare.

Let us join together and make it happen for the American people.

Mr. CARDIN. First, let me congratulate the eight participants who were willing to subject themselves to this debate. This is an experiment. It is the first of its kind on the floor of the House. Obviously, we are feeling our way in certain respects.

I want to thank all eight of you for your participation. There will be those who will speculate as to who won this debate.

I think in a very real sense the House of Representatives has won this debate, because this type of spirited debate can only improve the way in which we do the people's business here in the House of Representatives. I also think that the American people have won in this debate, for they have had an opportunity to witness different views on health care reform in a very democratic setting, and that can only help in raising the image of this body in the eyes of the public.

Last, I think the issue of health care reform has been advanced by this type of a debate in which the differences can be explained. And hopefully, we will be able to find a common ground for the enactment of health care reform.

So on behalf of all the Members of the House of Representatives, I would like to thank the eight participants for living up to the highest traditions of the Members of the House of Representatives.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GALLO (at the request of Mr. MICHEL), for today, on account of hip surgery.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. LINDER) to revise and extend his remarks and include extraneous material:)

Mr. MICHEL, for 5 minutes each day, on today and March 17, 18, 21, 22, and 23.

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

Mrs. MINK of Hawaii, for 5 minutes, today.

Mr. OWENS, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

EXTENSION OF REMARKS

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

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

Mr. GILMAN.
Mr. CLINGER.
Mr. HORN in three instances.
Mr. SHUSTER.
Mr. DUNCAN.
Mr. GOODLING.
Mr. SHAW.
Mrs. JOHNSON of Connecticut.
Mr. BEREUTER.
Mr. GINGRICH.
Mr. GILLMOR.
Mr. COBLE.
Mr. QUINN.
Mr. SOLOMON.
Mr. TAYLOR of North Carolina.
Ms. ROS-LEHTINEN.
Mr. PACKARD in two instances.

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

Ms. LONG.
Mr. WISE.
Mr. STOKES.
Mrs. MINK of Hawaii.
Mrs. BYRNE.
Mr. REED.
Mr. ROSE.
Mr. HOYER.
Ms. SLAUGHTER.
Mr. TOWNS in two instances.
Mr. CLAY.
Mr. HINCHEY.
Mr. VENTO.
Mr. KLECZKA.
Mr. HAMILTON.
Mr. MONTGOMERY.
Mr. ROSTENKOWSKI.
Mr. FRANK of Massachusetts.
Mr. BROWN of California.
Mr. SABO.
Mr. ACKERMAN.
Mr. WYDEN in two instances.
Mr. GEPHARDT.
Mr. STUDDS.
Mr. JOHNSON of Georgia.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 10 o'clock and 2 minutes p.m.) under its previous order the House adjourned until Thursday, March 17, 1994, at 10 a.m.

CONTRACTUAL ACTIONS, CALENDAR YEAR 1993 TO FACILITATE NATIONAL DEFENSE

The Clerk of the House of Representatives submits the following report for printing in the CONGRESSIONAL RECORD pursuant to section 4(b) of Public Law 85-804:

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,
Washington, DC, March 2, 1994.

Hon. THOMAS FOLEY,
Speaker of the House of Representatives, Washington, DC.

DEAR MR. SPEAKER: In accordance with Section 4(a) of Public Law 85-804 (50 U.S.C. 1431-35), I am reporting to the United States Senate on all calendar year actions taken by the National Aeronautics and Space Administration (NASA) under authority of that Act which involve actual or potential cost to the United States in excess of $50,000. These actions include the granting of extraordinary contractual relief and the indemnification of certain contractors.

During calendar year 1993, the NASA Contract Adjustment Board did not meet to consider any cases and granted no requests for extraordinary contractual relief under Public Law 85-804.

With respect to contractor indemnification, NASA has previously provided for that contingency. Specifically, on January 19, 1983, the Administrator made a decision to provide indemnification to certain NASA Space Transportation System contractors for specified risks arising out of contract performance directly related to NASA space activities. The authority of that decision was extended from September 30, 1984, through September 30, 1989, and has been extended again through September 30, 1994. In addition, on July 11, 1990, the Administrator decided to provide indemnification to certain NASA contractors involved in providing commercial Expendable Launch Vehicle launch services for NASA spacecraft or for activities which are carried out by NASA on behalf of the United States. The authority of that decision extends through June 30, 1995. Copies of the Administrator's Memorandum Decisions Under Public Law 85-804 dated November 5, 1989, and July 11, 1990, are enclosed.

During calendar year 1993, one NASA prime contractor was indemnified under the Memorandum Decision dated November 5, 1989. No contractors were indemnified under the Memorandum Decision dated July 11, 1990. A summary description of the contract indemnified is also enclosed.

Sincerely,

DANIEL S. GOLDIN,
Administrator.

MEMORANDUM DECISION UNDER PUBLIC LAW 85-804

Authority for National Aeronautics and Space Administration Contracting Officers to indemnify certain NASA contractors and subcontractors involved in ASA space activities.

1. On July 4, 1982, the Space Transportation System (hereinafter STS) completed its design, development, test and evaluation phase and was declared an operational system of the United States for the transportation of payloads into the out of outer space for governmental and commercial purposes. Except for suspension of STS launches as a result of the Challenger accident, the STS has conducted and will continue to conduct launch, in orbit and landing activities on a repetitive basis and at a prudent frequency.

2. Scheduled STS operations have dictated a continuing examination of the risks in repetitive space activities of the STS and of the present availability of adequate insurance at reasonable premiums to manufacturers and operators of the system. While NASA's STS space activities are designed to be safe, there exists the low statistical probability that a malfunction of either hardware, software or operator error could occur resulting in an accident. This low probability of occurrence cannot be totally removed. In the event that such a malfunction or operator error led to an accident, the potential liability arising from such an accident could be substantially in excess of the insurance coverage NASA contractors could reasonably be expected to acquire and maintain, considering the availability, cost and potential terms and conditions of such insurance at the present time.

3. Pursuant to the authority of Public Law 85-804 and Executive Order 10789, as amended, and notwithstanding any other provisions of the contracts to which this determination may apply, I therefore authorize that certain NASA contractors, as further defined in paragraphs 4 and 5 below, be held harmless and indemnified against certain risks as specifically set forth herein. Accordingly, and subject to the limitations hereinafter stated, cognizant NASA Contracting Officers are authorized to include in prime contracts, described in paragraphs 4 and 5 below, contract provisions for the indemnification of the contractors and their subcontractors at any tier, against claims or losses, as defined in paragraph 1A of E.O. 10789, as amended, arising out of contract performance directly related to NASA's space activities.

4. This authorization is limited to prime contracts which have an effective date before October 1, 1994, by or for NASA for:

a. provision of Space Transportation System and cargo flight elements or components thereof;

b. provision of Space Transportation System and cargo ground support equipment or components thereof;

c. provision of Space Transportation System and cargo ground control facilities and services for their operation; and

d. repair, modification, overhaul support and services and other support and services directly relating to the Space Transportation System, its cargo and other elements used in the NASA's space activities.

5. This authorization is further limited solely to claims or losses resulting from or arising out of the use or performance of the products or services described in paragraph 4 in NASA's space activities. For this purpose, the use or performance of such products or services in NASA's space activities begins

solely when such products or services are provided to the U.S. Government at a U.S. Government installation for or in connection with one or more Space Transportation System launches and are actually used or performed in NASA's space activities.

6. The risks for which indemnification is authorized are the risks arising under the contracts described in paragraphs 4 and 5 causing personal injury or death, or loss of or damage to property, or loss of use of property. These risks are considered unusually hazardous risks solely in the sense that if, in the unlikely event, the Space Transportation System, its cargo or other elements or services used in the NASA's space activities malfunctioned causing an accident, the potential liability could be in excess of the insurance coverage that a NASA prime contractor would reasonably be expected to purchase and maintain, considering the availability, cost, and terms and conditions of such insurance. In no other sense are the Space Transportation System, its cargo or other elements or services used in NASA's space activities unusually hazardous.

7. a. This authorization may be applied prospectively, without additional consideration, to existing prime contracts and subcontracts and in new prime contracts and subcontracts which otherwise meet the conditions of this memorandum.

b. Indemnification of prime contractors and subcontractors may be provided under this authorization only when the Government will receive the benefit of all cost savings, if any, to the prime contractor and its subcontractors at every tier.

8. All contract indemnification clauses and procedures shall comply with applicable provisions of Federal Acquisition Regulation (FAR) Subpart 50.4 as supplemented by NASA FAR Supplement (NFS) 18-50.4.

9. This authorization is given upon condition that each prime contractor is approved by me and that such contractor maintains financial protection of such type and in such amounts as may be determined by me in writing to be appropriate under the circumstances. Each prime contractor shall provide a statement of applicable financial protection through the cognizant Contracting Officer for my review and determination. In making this determination, I shall take into account such factors as the availability, cost and terms of private insurance, self-insurance and other proof of financial responsibility and workman's compensation insurance.

10. When indemnification provisions are included in a prime contract pursuant to the authority of this decision, the cognizant Contracting Officer shall immediately submit directly to the Contract Adjustment Board a report referencing this decision and containing the information required by NFS 18-50.403-70, Reporting and records requirements.

11. The actual or potential cost, if any, of the actions hereby authorized is impossible to estimate since it is contingent upon the remote possibility of an occurrence and extent of loss resulting from certain space activities which malfunction. Such an event may never occur; however, should a major incident occur, millions of dollars of damage could result.

12. I find that this action will facilitate the national defense. In the remote event that the Space Transportation System, its cargo or other elements or services used in NASA's space activities malfunctioned causing damage in excess of insurance maintained by contractors and subcontractors, the resulting excess liability could place the contractors' and subcontractors' continued existence in jeopardy, making those contractors and subcontractors unavailable to continue to support space activities and the Department of Defense. I note that for purposes of the Defense Production Act of 1950, the term "national defense" is defined as "programs for . . . space, and directly related activity." (50 U.S.C. App. 2152(d))

RICHARD H. TRULY,
Administrator.

JULY 11, 1990.

MEMORANDUM DECISION UNDER PUBLIC LAW 85-804

Authority for National Aeronautics and Space Administration contracting officers to indemnify certain NASA contractors and subcontractors involved in providing commercial Expendable Launch Vehicle (ELV) launch services for NASA spacecraft or for activities which are carried out by NASA on behalf of the United States.

1. Prior to the Challenger accident and consistent with national policy, NASA's phase-out of our Expendable Launch Vehicle (ELV) program was near completion and most missions were transitioned to the Shuttle for launch. Up until this time, NASA had total responsibility for the design, development, fabrication, test, and launch of both Government and commercial payloads on the Scout, Delta, and Atlas-Centaur launch vehicles. The President's National Space Policy of November 2, 1989, which reaffirmed the key tenants of earlier national policy statements, directed Federal Agencies to establish a Mixed Fleet Launch Policy utilizing the unique capabilities of the Space Shuttle and ELVs to support Government launch requirements. The policy also precluded NASA from maintaining an ELV adjunct to the Space Shuttle and directed NASA to procure requisite ELV launch services directly from the private sector or through the Department of Defense. In accordance with the Deputy Administrator's Decision Memorandum #22, dated January 27, 1989, NASA will acquire launch services whenever possible directly from commercial operators.

2. Increasing need of launch services with a high degree of mission success has dictated a continuing examination of the risks in repetitive launch activities and the present availability of adequate insurance at reasonable premiums to providers of commercial expendable launch services. While commercial launch activities are designed to be safe, there exists the low statistical probability that a malfunction of either hardware, software, or operator error could occur resulting in an accident. This low probability of occurrence cannot be totally removed. In the event that such a malfunction or operator error led to an accident, the potential liability arising from such an accident could be substantially in excess of the insurance coverage NASA contractors could reasonably be expected to acquire and maintain, considering the availability, cost, and potential terms and conditions of such insurance at the present time.

3. Pursuant to the authority of Public Law 85-804 and Executive Order 10789, as amended, and notwithstanding any other provisions of the contracts to which this determination may apply, I therefore authorize that certain NASA contractors, as further defined in paragraphs 4 and 5 below, be held harmless and indemnified against certain risks as specifically set forth herein. Accordingly, and subject to the limitations hereinafter stated, cognizant NASA contracting officers are authorized to include in prime contracts, described in paragraphs 4 and 5 below contract provisions for the indemnification of the contractors and their subcontractors at any tier, against claims or losses, as defined in paragraph 1A of Executive Order 10789, as amended, arising out of contract performance directly related to providing NASA commercial ELV launch services.

4. This authorization is limited to prime contracts which have an effective date before June 10, 1995, by or for NASA for provision of commercial ELV launch services.

5. This authorization is further limited solely to claims or losses resulting from or arising out of the use or performance of commercial launch services provided to NASA, where NASA, under its contract, maintains sufficient oversight and approval rights to assess and influence mission risk. For this purpose, the use or performance of such launch service activities begins only after such services are provided to the U.S. Government at a U.S. Government installation for or in connection with one or more ELV launches and are actually used to provide launch services for NASA or NASA-sponsored activities which are carried out by NASA on behalf of the United States. The use or performance referred to is limited to the explosion, detonation, combustion, or impact of a launch vehicle, its payloads, or a component thereof, whether or not the payload is separated from the launch vehicle.

6. The risks for which indemnification is authorized are the risks arising under the contracts described in paragraphs 4 and 5 which result in claims by third persons, including employees of the contractor, for death, personal injury, or loss of, damage to, or loss of use of property; loss of, damage to, or loss of use of property of the Government. These risks are considered unusually hazardous risks solely in the sense that if, in the unlikely event, the ELV, its cargo or other elements or services used in providing NASA launch services malfunctioned causing an accident, the potential liability could be in excess of the insurance coverage that a NASA prime contractor would reasonably be expected to purchase and maintain, considering the availability, cost, and terms and conditions of such insurance. In no other sense is the provision of commercial ELV launch services for NASA spacecraft unusually hazardous.

7. a. This authorization may be applied prospectively, without additional consideration, to existing prime contracts and subcontracts and in new prime contracts and subcontracts which otherwise meet the conditions of this memorandum.

b. Indemnification of prime contractors and subcontractors may be provided under this authorization only when the Government will receive the benefit of all cost savings, if any, to the prime contractor and its subcontractors at every tier.

8. All contract indemnification clauses and procedures shall comply with applicable provisions of Federal Acquisition Regulation (FAR) Subpart 50.4 as supplemented by NASA FAR Supplement (NFS) 18-50.4.

9. This authorization is given upon condition that each prime contractor maintains financial protection of such type and in such amounts as may be determined by me in writing to be appropriate under the circumstances. Each prime contractor shall provide a statement of applicable financial protection through the cognizant contracting officer for my review and determination. In making this determination, I shall take into account such factors as the availability,

cost and terms of private insurance, self-insurance and other proof of financial responsibility and workmen's compensation insurance.

10. When indemnification provisions are included in a prime contract pursuant to the authority of this decision, the cognizant contracting officer shall immediately submit directly to the Contract Adjustment Board a report referencing this decision and containing the information required by NFS 18-50.403-70, Reporting and records requirements.

11. The actual or potential cost, if any, of the actions hereby authorized is impossible to estimate since it is contingent upon the remote possibility of an occurrence and extent of loss resulting from commercial launch activities which malfunction. Such an event may never occur; however, should a major incident occur, millions of dollars of damage could result.

12. I find that this action will facilitate the national defense. In the remote event that commercial ELV launch service activities provided for NASA spacecraft cause damage in excess of insurance maintained by contractors and subcontractors, the resulting excess liability could place the contractors' and subcontractors' continued existence in jeopardy, making those contractors and subcontractors unavailable to continue to provide commercial ELV launch services. I note that for purposes of the Defense Production Act of 1950, the term "national defense" is defined as "programs for * * * space, and directly related activity." (50 U.S.C. App. 2152(d))

RICHARD H. TRULY,
Administrator.

CONTRACTORS INDEMNIFIED DURING CALENDAR YEAR 1993

Rockwell International Corporation, October 19, 1993. Affected NASA contract: NAS 9-18028.

EXECUTIVE COMMUNICATIONS, ETC.

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

2775. A communication from the President of the United States, transmitting amendments to the fiscal year 1995 budget that would implement savings from reform of the Federal procurement system, pursuant to 31 U.S.C. 1107 (H. Doc. No. 103-220); to the Committee on Appropriations and ordered to be printed.

2776. A communication from the President of the United States, transmitting amendments to the fiscal year 1995 budget that would implement savings from reduced rental payments paid by Federal agencies to the General Services Administration [GSA], pursuant to 31 U.S.C. 1107 (H. Doc. No. 103-221); to the Committee on Appropriations and ordered to be printed.

2777. A letter from the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals of budget authority as of March 1, 1994, pursuant to 2 U.S.C. 685(e); to the Committee on Appropriations and ordered to be printed.

2778. A letter from the Secretary, Department of Defense, transmitting the Department's Future Years Defense Program [FYDP] and associated procurement and RDT&E annexes for the fiscal year 1995 President's budget, pursuant to 10 U.S.C. 221(a); to the Committee on Armed Services.

2779. A letter from the Adjutant General, the Veterans of Foreign Wars of the United States, transmitting proceedings of the 94th National Convention of the Veterans of Foreign Wars of the United States, pursuant to 36 U.S.C. 118; 44 U.S.C. 1332; to the Committee on Armed Services and ordered to be printed.

2780. A letter from the Secretary of the Interior, transmitting the annual report on the Youth Conservation Corps program in the Department for fiscal year 1993, pursuant to 16 U.S.C. 1705; to the Committee on Education and Labor.

2781. A letter from the Secretary of Labor, transmitting the interim report: National Wage Record Database Design Project, pursuant to section 462(g) of the Job Training Partnership Act; to the Committee on Education and Labor.

2782. A communication from the President of the United States, transmitting a report on international agreements transmitted to Congress after the deadline for their submission, with reasons, pursuant to 1 U.S.C. 112b(b); to the Committee on Foreign Affairs.

2783. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1993, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

2784. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report that during calendar year 1993, the NASA Contract Adjustment Board did not meet to consider any cases and granted no requests for extraordinary contractual relief under public law 85-804, pursuant to 50 U.S.C. 1431-35; to the Committee on Government Operations.

2785. A letter from the Chairman, National Endowment for the Humanities, transmitting a report of activities under the Freedom of Information Act for calendar year 1993, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2786. A letter from the Executive Director, National Mediation Board, transmitting a report of activities under the Freedom of Information Act for calendar year 1993; pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2787. A letter from the Acting Assistant Secretary (Civil Works), Department of the Army, transmitting findings regarding construction of navigation improvements and associated port facilities at Los Angeles and Long Beach Harbors, CA; to the Committee on Public Works and Transportation.

2788. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation entitled, "Low-Income Home Energy Assistance Amendments of 1994," pursuant to 31 U.S.C. 1110; jointly, to the Committees on Energy and Commerce and Education and Labor.

2789. A letter from the Secretary, Department of Defense, transmitting the annual report for the National Security Education Program, pursuant to 50 U.S.C. 1906; jointly, to the Permanent Select Committee on Intelligence and the Committee on Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CLAY: Committee of conference. Conference report on H.R. 3345. A bill to amend title 5, United States Code, to eliminate certain restrictions on employee training; to provide temporary authority to agencies relating to voluntary separation incentive payments, and for other purposes (Rept. 103-435). Ordered to be printed.

Mr. MOAKLEY: Committee on Rules. House Resolution 388. A resolution waiving points of order against the conference report to accompany the bill (H.R. 3345) to amend title 5, United States Code, to eliminate certain restrictions on employee training; to provide temporary authority to agencies relating to voluntary separation incentive payments; and for other purposes (Rept. 103-436). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ACKERMAN:

H.R. 4039. A bill to amend the Truth in Lending Act to limit unauthorized use of credit cards by discouraging theft of credit cards that are mailed; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ROSTENKOWSKI (for himself (by request) and Mr. FORD of Michigan):

H.R. 4040. A bill to establish a comprehensive system of reemployment services, training, and income support for permanently laid off workers, to facilitate the establishment of one-stop career centers to serve as a common point of access to employment, education and training information and services, to develop an effective national labor market information system, and for other purposes; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. BLILEY (for himself, Mr. ROHRABACHER, Mr. PAXON, and Mr. BALLENGER):

H.R. 4041. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to provide for the appointment of the ranking members of the Committee on the District of Columbia of the House of Representatives and the Subcommittee on General Services, Federalism, and the District of Columbia of the Committee on Governmental Affairs of the Senate to the National Capital Planning Commission; to the Committee on the District of Columbia.

By Mr. FARR (for himself, Mr. DELLUMS, Ms. SCHENK, Mr. PASTOR, Mr. TORRES, Mr. BECERRA, Mr. BERMAN, Mr. BEILENSON, Mr. FILNER, Ms. ROYBAL-ALLARD, and Mr. FAZIO):

H.R. 4042. A bill to require a report on the timeliness of processing applications for naturalization; to the Committee on the Judiciary.

By Mr. FIELDS of Louisiana:

H.R. 4043. A bill to direct the Secretary of the Interior and the Secretary of Energy to undertake initiatives to address certain needs in the Lower Mississippi Delta region, and for other purposes; jointly, to the Committees on Natural Resources, Education and Labor, Energy and Commerce, and Science, Space, and Technology.

By Mr. LANCASTER (for himself, Mr. ROSE, and Mrs. CLAYTON):

H.R. 4044. A bill to require the Secretary of Agriculture to issue regulations for the pur-

chase and eradication of swine infected with or exposed to brucellosis; to the Committee on Agriculture.

By Mr. POMBO:

H.R. 4045. A bill to confer U.S. citizenship posthumously on Rudolph Salli; to the Committee on the Judiciary.

By Mrs. THURMAN:

H.R. 4046. A bill to amend subchapter II of chapter 73 of title 10, United States Code, to prevent cost-of-living increases in the survivor annuity contributions of uniformed services retirees from becoming effective before related cost-of-living increases in retired pay become payable; to the Committee on Armed Services.

By Mrs. THURMAN (for herself, Ms. BROWN of Florida, Mr. BACCHUS of Florida, Mr. BILIRAKIS, Mr. CANADY, Mr. DEUTSCH, Mrs. FOWLER, Mr. GIBBONS, Mr. GOSS, Mr. HASTINGS, Mr. HUTTO, Mr. JOHNSTON of Florida, Mr. LEWIS of Florida, Mr. MCCOLLUM, Mr. DIAZ-BALART, Mrs. MEEK of Florida, Mr. MICA, Mr. MILLER of Florida, Mr. PETERSON of Florida, Ms. ROS-LEHTINEN, Mr. SHAW, Mr. STEARNS, and Mr. YOUNG of Florida):

H.R. 4047. A bill to amend title XIX of the Social Security Act to improve the Federal medical assistance percentage used under the Medicaid Program, and for other purposes; to the Committee on Energy and Commerce.

By Mr. VENTO (for himself, Mr. FOGLIETTA, Mr. FRANK of Massachusetts, Mr. KOPETSKI, Mrs. SCHROEDER, and Mr. TOWNS):

H.R. 4048. A bill to expedite the naturalization of aliens who served with special guerrilla units in Laos; to the Committee on the Judiciary.

By Mrs. VUCANOVICH (for herself and Mr. BILBRAY):

H.R. 4049. A bill to establish within the Department of Energy a National Test and Demonstration Center of Excellence at the Nevada test site, and for other purposes; jointly, to the Committees on Armed Services, Science, Space, and Technology, and Energy and Commerce.

By Mr. FORD of Michigan (for himself, Mr. WILLIAMS, Mr. GEPHARDT, Mr. ROSTENKOWSKI, Mr. CLAY, Mr. MARTINEZ, Ms. DELAURO, Mr. MATSUI, Mr. FORD of Tennessee, Mr. GEJDENSON, Mr. MCDERMOTT, Mr. MILLER of California, Mr. JOHNSTON of Florida, Mrs. KENNELLY, Mr. HOYER, Mr. KOPETSKI, Mr. LEWIS of Georgia, Mr. LEVIN, Mrs. LOWEY, Mr. PENNY, Mr. BACCHUS of Florida, Mr. SABO, Mr. SAWYER, Mrs. SCHROEDER, Mr. SCOTT, Mr. WHEAT, Ms. WOOLSEY, Mr. GENE GREEN of Texas, Mr. CARR, Mr. KLINK, Mr. MURPHY, Mr. SERRANO, and Mr. RICHARDSON):

H.R. 4050. A bill to establish a comprehensive system of reemployment services, training, and income support for permanently laid off workers, to facilitate the establishment of one-stop career centers to serve as a common point of access to employment, education and training information and services, to develop an effective national labor market information system, and for other purposes; to the Committee on Education and Labor.

By Ms. WOOLSEY (for herself, Mr. CLYBURN, Mr. FRANK of Massachusetts, Mr. SCOTT, and Ms. VELAZQUEZ):

H.R. 4051. A bill to reform the child support system; to the Committee on Ways and Means.

By Mr. BACCHUS of Florida (for himself, Mr. BAKER of Louisiana, Mr. MCCOLLUM, Mr. LAZIO, Mr. FAZIO, Mr. JOHNSTON of Florida, Mr. SHAW, Mrs. MEEK of Florida, Mr. JEFFERSON, Mr. RAVENEL, Mrs. FOWLER, Mr. SCHUMER, Mr. FLAKE, Mr. JOHNSON of South Dakota, Mr. LEWIS of Florida, Mr. MILLER of Florida, Mr. KLINK, Ms. BROWN of Florida, Mr. BILIRAKIS, Mr. MICA, Mr. LIVINGSTON, Mr. KING, Mr. STEARNS, Mr. ACKERMAN, Mr. CANADY, Mr. PETERSON of Florida, Mr. LEVY, Mr. COLEMAN, Mr. GALLEGLY, Mr. BOEHNER, Mr. HASTINGS, Mr. HUTTO, Mr. PETERSON of Minnesota, Mr. MANZULLO, Mr. DEUTSCH, Mrs. THURMAN, Mr. CALVERT, Mr. GOODLING, Mr. MACHTLEY, Mr. FIELDS of Louisiana, Mr. GOSS, Mr. YOUNG of Alaska, Mr. CRAPO, Mr. DIAZ-BALART, Ms. ROS-LEHTINEN, Mr. FRANKS of New Jersey, Mr. DOOLEY, Mr. CRAMER, Mr. HAYES, Mr. QUINN, Mr. MCCRERY, Mr. SPENCE, Mr. YOUNG of Florida, Ms. MOLINARI, Mr. TAUZIN, Mr. BATEMAN, Mr. POMBO, and Mr. TALENT):

H.R. 4052. A bill to improve the National Flood Insurance Program; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BECERRA (for himself, Mr. BEILENSON, Mr. BERMAN, Mr. FARR, Mr. FILNER, Ms. ROYBAL-ALLARD, Mr. TORRES, Mr. DELLUMS, Mr. DIXON, Mr. SERRANO, Ms. VELAZQUEZ, and Mr. PASTOR):

H.R. 4053. A bill to expand the scope of unfair immigration-related employment practices and protections under the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. BECERRA (for himself, Mr. BEILENSON, Mr. BERMAN, Mr. FARR, Mr. FILNER, Mr. MARTINEZ, Ms. ROYBAL-ALLARD, Mr. TORRES, Mr. DELLUMS, Mr. FAZIO, Mr. DIXON, Mr. SERRANO, Ms. VALAZQUEZ, Mr. PASTOR, and Mr. INSLEE):

H.R. 4054. A bill to provide for Federal incarceration of undocumented criminal aliens; to the Committee on the Judiciary.

By Mr. BURTON of Indiana:

H.R. 4055. A bill to combat crime; jointly, to the Committees on the Judiciary, Energy and Commerce, Foreign Affairs, Banking, Finance and Urban Affairs, and Armed Services.

By Mr. HOAGLAND (for himself, Mr. KOPETSKI, Mr. BREWSTER, Mr. ARCHER, Mr. SHAW, Mr. PORTMAN, and Mr. MATSUI):

H.R. 4056. A bill to amend the Internal Revenue Code of 1986 to reform the rules regarding subchapter S corporations; to the Committee on Ways and Means.

By Mr. SCHUMER (for himself, Mr. CRAPO, Mr. BREWSTER, Mr. INGLIS of South Carolina, Mr. EDWARDS of Texas, Mrs. MORELLA, Ms. HARMAN, and Mr. HASTERT):

H.R. 4057. A bill to amend the Congressional Budget and Impoundment Control Act of 1974 to create a deficit reduction account and to reduce the discretionary spending limits, and for other purposes; jointly, to the Committees on Government Operations and Rules.

By Mr. STUDDS:

H.R. 4058. A bill to amend title 46, United States Code, to improve the safety of towing vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. TAYLOR of North Carolina (for himself, Mr. SOLOMON, Mr. CRANE, Mr. CRAMER, Mr. BOEHNER, and Mr. WILSON):

H.R. 4059. A bill to amend the Immigration and Nationality Act to provide for the expedited deportation of criminal aliens, to expand the health-related causes for which aliens may be excluded, to prohibit certain Federal benefits to aliens who are not lawfully within the United States, and to provide that aliens applying for asylum shall be detained; jointly, to the Committees on the Judiciary, Government Operations, and Ways and Means.

By Mr. DORNAN (for himself, Mr. STUMP, Mr. BARTLETT of Maryland, Mr. FIELDS of Texas, Mr. KING, Mr. MCHUGH, Mr. LEWIS of Florida, Mr. GEKAS, Mr. STEARNS, Mr. HYDE, and Mr. LEVY):

H.R. 4060. A bill to amend title 18, United States Code, to require the imposition of the death penalty for espionage that resulted in the identification by a foreign power of an individual acting as an agent of the United States and consequently in the death of that individual; to the Committee on the Judiciary.

By Mr. TRAFICANT:

H.R. 4061. A bill to provide for a pilot power plant designed to revitalize depressed communities by providing energy intensive industry with an effective opportunity to dispose of solid wastes and obtain inexpensive electricity and steam, and to provide a pilot role model for the development of a comprehensive national strategic energy intensive industry initiative; to the Committee on Energy and Commerce.

By Mr. WYDEN (for himself and Mr. LEWIS of Georgia):

H.R. 4062. A bill to amend the U.S. Housing Act of 1937 to provide for referenda among residents of public housing developments to determine whether firearms shall be prohibited or limited in such developments, and for other purposes; jointly, to the Committees on Banking, Finance and Urban Affairs and the Judiciary.

By Mr. WYDEN (for himself and Ms. FURSE):

H.R. 4063. A bill to establish a special protection unit for the Bull Rull River and Little Sandy River watersheds in the Mt. Hood National Forest in the State of Oregon to maintain and protect the forest resources of the watersheds and the natural purity of the water resources of the watersheds through restrictions on timber activities in and human access into the unit; to the Committees on Natural Resources and Agriculture.

By Mr. PETE GEREN of Texas:

H.J. Res. 338. Joint resolution to designate October 1994 as "National Decorative Painting Month"; to the Committee on Post Office and Civil Service.

By Mr. MINGE:

H.J. Res. 339. Joint resolution proposing an amendment to the Constitution of the United States to limit the terms of Representatives and Senators, and to provide for a 4-year term for Representatives; to the Committee on the Judiciary.

By Mr. TAYLOR of North Carolina (for himself and Mr. SOLOMON):

H.J. Res. 340. Joint resolution proposing an amendment to the Constitution of the United States to provide that no person born to parents who are unlawfully in the United States at the time of the birth shall be a U.S. citizen on account of birth in the United States; to the Committee on the Judiciary.

By Ms. FURSE:

H. Con. Res. 223. Concurrent resolution expressing the sense of the Congress that any

legislation that is enacted to provide for comprehensive national health care reform should provide for coverage of syringes for individuals who have been diagnosed with diabetes and who require the administration of insulin by syringe; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. RIDGE (for himself, Ms. SNOWE, Mr. CLINGER, Mr. SANTORUM, Mr. GREENWOOD, Mr. GALLO, Mr. CUNNINGHAM, Ms. SCHENK, and Mr. BORSKI):

H. Con. Res. 224. Concurrent resolution requesting the President to designate Victoria Van Meter as an honorary goodwill ambassador for the United States; to the Committee on Post Office and Civil Service.

By Mr. ROEMER (for himself, Mr. ZIMMER, Mr. DURBIN, Mr. RAMSTAD, Mr. HUGHES, and Mrs. ROUKEMA):

H. Res. 389. Resolution urging the Committee on Foreign Affairs to conduct a hearing to determine the foreign policy implications of the proposed joint United States-Russian space station; jointly, to the Committees on Foreign Affairs and Science, Space, and Technology.

ADDITIONAL SPONSORS

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

H.R. 65: Mr. OXLEY.
H.R. 71: Mr. ROHRABACHER.
H.R. 122: Mr. FRANKS of New Jersey.
H.R. 167: Mr. CALVERT.
H.R. 349: Mr. KYL.
H.R. 425: Mr. HOKE.
H.R. 427: Mr. HOKE.
H.R. 439: Mr. PAXON.
H.R. 522: Mr. PARKER and Mr. DIXON.
H.R. 672: Mr. FLAKE and Mr. SOLOMON.
H.R. 769: Mr. OBERSTAR.
H.R. 967: Mr. GRANDY.
H.R. 1006: Mr. ANDREWS of Maine.
H.R. 1034: Mr. FILNER and Mr. TORRES.
H.R. 1080: Mr. TORKILDSEN.
H.R. 1156: Mr. BLUTE.
H.R. 1164: Mr. DEUTSCH.
H.R. 1191: Mr. SHAYS.
H.R. 1354: Mr. EVANS, Mr. NEAL of North Carolina, Ms. MCKINNEY, and Mr. ROMERO-BARCELÓ.
H.R. 1640: Mr. STUPAK.
H.R. 1671: Mr. KLEIN, Mr. LIGHTFOOT, Mr. MONTGOMERY, and Mr. KLINK.
H.R. 1718: Mr. BRYANT, Mr. DIXON, Mr. PAYNE of New Jersey, Mr. THOMPSON, and Mr. WATT.
H.R. 1897: Mr. ABERCROMBIE, Mr. OWENS, Mr. RANGEL, Ms. MOLINARI, Mr. PORTER, Mr. HOKE, Mr. SCHAEFER, Mr. NADLER, Mr. FISH, Mr. SENSENBRENNER, and Mr. YOUNG of Alaska.
H.R. 1900: Mr. DICKS.
H.R. 1968: Mr. YOUNG of Alaska.
H.R. 2062: Mr. SUNDQUIST.
H.R. 2119: Mr. GEJDENSON, Mr. MINETA, Mr. BEILENSON, Mr. FILNER, and Mr. BERMAN.
H.R. 2135: Mr. QUINN.
H.R. 2145: Mr. TORRICELLI, Mr. FISH, Mr. ANDREWS of New Jersey, Mr. FRANKS of New Jersey, and Mr. KLECZKA.
H.R. 2229: Mr. HAMBURG, Mr. BECERRA, Miss COLLINS of Michigan, Mr. SERRANO, Mr. EDWARDS of California, Mr. LAFALCE, and Mr. FARR.
H.R. 2292: Mr. BACHUS of Alabama.
H.R. 2365: Mr. WAXMAN, Mr. LEHMAN, Mr. BARRETT of Wisconsin, Ms. BYRNE, AND Ms. ESHOO.
H.R. 2460: Mr. BROWDER.
H.R. 2462: Mr. BUYER, Mr. ROEMER, and Mr. SANTORUM.
H.R. 2623: Mr. PARKER, Mr. EWING, and Mr. FISH.
H.R. 2626: Mr. BRYANT and Mr. ACKERMAN.
H.R. 2641: Mrs. UNSOELD, Mr. SKAGGS, and Mr. MINGE.
H.R. 2646: Mr. CRAPO and Mr. TORKILDSEN.
H.R. 2721: Ms. MCKINNEY, Ms. LOWEY, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. PENNY, and Mr. TORRES.
H.R. 2741: Mr. RANGEL.
H.R. 2838: Mr. SWETT and Mr. BONIOR.
H.R. 2882: Mr. CALVERT and Mr. GINGRICH.
H.R. 2927: Mr. DOOLEY and Mr. BARLOW.
H.R. 2971: Mr. STUMP.
H.R. 3100: Mr. MINETA and Ms. VELAZQUEZ.
H.R. 3122: Mrs. MORELLA and Mr. OXLEY.
H.R. 3171: Mr. RAVENEL.
H.R. 3182: Mrs. MEEK of Florida.
H.R. 3224: Mrs. MEYERS of Kansas.
H.R. 3293: Mr. FROST, Mr. GINGRICH, Mr. DEUTSCH, Mr. WILSON, Ms. LOWEY, and Mr. BONILLA.
H.R. 3328: Mr. RAHALL, Mr. ROYCE, and Mr. REED.
H.R. 3333: Mr. GRAMS.
H.R. 3365: Mr. CRAMER, Mr. PENNY, and Mr. SARPALIUS.
H.R. 3367: Mr. THOMAS of Wyoming, Mr. PACKARD, and Mr. SCHAEFER.
H.R. 3372: Mr. COBLE, Ms. MCKINNEY, Mrs. MALONEY, Mr. RANGEL, Mr. OBEY, Mr. BEREUTER, Mr. LEWIS of Georgia, Mr. MANN, Mr. STRICKLAND, Mr. TAYLOR of Mississippi, Mr. TORKILDSEN, Mr. DICKEY, Mr. GEKAS, Mr. SPENCE, Mr. BALLENGER, Mr. CUNNINGHAM, Ms. CANTWELL, Mr. HANSEN, Mr. KLEIN, Mr. MEEHAN, and Mr. OWENS.
H.R. 3392: Mr. DORNAN, Mr. BROWDER, Mrs. THURMAN, and Mr. DICKS.
H.R. 3399: Mr. FOGLIETTA.
H.R. 3404: Mr. INSLEE.
H.R. 3434: Mr. PENNY, Mr. ROMERO-BARCELÓ, Ms. SHEPHERD, AND Ms. SLAUGHTER.
H.R. 3455: Mr. GLICKMAN, Mr. CANADY, and Mr. HORN.
H.R. 3461: Mrs. MINK of Hawaii and Ms. MARGOLIES-MEZVINSKY.
H.R. 3462: Ms. MCKINNEY, Mrs. MINK of Hawaii, and Ms. MARGOLIES-MEZVINSKY.
H.R. 3463: Mrs. MINK of Hawaii and Ms. MARGOLIES-MEZVINSKY.
H.R. 3475: Mr. FAZIO, Mr. BARTLETT of Maryland, and Mr. TRAFICANT.
H.R. 3492: Mr. BATEMAN and Mr. TAYLOR of North Carolina.
H.R. 3513: Mr. COPPERSMITH.
H.R. 3523: Mr. ROHRABACHER.
H.R. 3569: Ms. NORTON.
H.R. 3577: Mr. FILNER.
H.R. 3614: Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LIPINSKI, and Ms. VELÁZQUEZ.
H.R. 3622: Mrs. THURMAN.
H.R. 3635: Mr. HUNTER.
H.R. 3642: Mr. CANADY, Mr. FRANKS of New Jersey, Mr. HAMBURG, Mr. ORTON, Mr. SARPALIUS, Ms. SLAUGHTER, and Mr. TORRES.
H.R. 3656: Mr. BEILENSON, Mr. FROST, Mr. SHAYS, Mrs. UNSOELD, Mr. HOCHBRUECKNER, Mr. HORN, Mr. LEVY, Mr. MACHTLEY, and Mr. GLICKMAN.
H.R. 3663: Mr. LANTOS.
H.R. 3685: Mr. GOSS.
H.R. 3720: Ms. VELÁZQUEZ.
H.R. 3745: Mr. FROST, Mr. RANGEL, Mr. BONIOR, and Mr. BARLOW.
H.R. 3751: Mr. FOGLIETTA and Mr. EVANS.
H.R. 3762: Mr. BAKER of California.
H.R. 3785: Mrs. MALONEY, Mrs. MORELLA, Mr. SHAYS, and Mr. SMITH of New Jersey.
H.R. 3797: Mr. KIM and Mr. PENNY.
H.R. 3808: Mr. PICKLE.
H.R. 3830: Mr. DE LUGO, Mr. FALEOMAVAEGA, Mr. GONZALEZ, Mr. HYDE, Mr. JOHNSTON of Florida, Mr. KING, Mr. SANDERS, and Mr. STUPAK.
H.R. 3849: Mr. TORKILDSEN.
H.R. 3862: Mr. TAYLOR of Mississippi, Mr. QUILLEN, Mrs. VUCANOVICH, and Mr. PAXON.
H.R. 3866: Mr. KLECZKA, Mr. TRAFICANT, Mr. SOLOMON, Mr. NATCHER, Mr. TOWNS, Mr. COYNE, Mr. MCHALE, and Mr. CARR.
H.R. 3878: Mr. FILNER.
H.R. 3880: Mr. HUTCHINSON, Mr. BARCIA of Michigan, Mr. DOOLITTLE, Mr. KLINK, Mr. BATEMAN, Mr. ARCHER, Mr. TAYLOR of North Carolina, Mr. HUTTO, Mr. FISH, Mr. GRAMS, and Mr. HEFLEY.
H.R. 3883: Mr. ZELIFF and Ms. LOWEY.
H.R. 3886: Mr. FIELDS of Texas, Mr. WELDON, and Mr. LAUGHLIN.
H.R. 3901: Ms. LAMBERT, Mr. THOMPSON, Mr. PARKER, and Mr. FROST.
H.R. 3913: Mr. LEWIS of Florida, Mr. DORNAN, and Mr. CALLAHAN.
H.R. 3939: Mrs. UNSOELD, Mr. PARKER, and Mr. COBLE.
H.R. 3949: Mr. KLUG and Mr. BARTLETT of Maryland.
H.R. 3951: Mr. GOODLATTE, Mr. RAVENEL, Mrs. THURMAN, Mr. SMITH of Michigan, Mr. SKEEN, Mr. KNOLLENBERG, Mr. CARR, and Mr. EHLERS.
H.R. 3955: Mr. DARDEN and Mr. FIELDS of Texas.
H.R. 3969: Mr. THOMAS of Wyoming, Mr. ROGERS, Mr. GINGRICH, Mr. HOLDEN, Mr. COLLINS of Georgia, Mr. MONTGOMERY, Mr. WHITTEN, Mr. PICKETT, Mr. SUNDQUIST, Mr. ROWLAND, Mr. POMBO, Mr. PETE GEREN of Texas, and Mr. SARPALIUS.
H.R. 3986: Mr. GRAMS, Mr. CASTLE, Mr. SMITH of Michigan, Mr. GORDON, Mr. GLICKMAN, Mr. PORTMAN, Mr. BATEMAN, and Mr. KLUG.
H.R. 3999: Mr. DURBIN and Mr. PORTER.
H.R. 4008: Mr. SAXTON.
H.R. 4013: Mr. WILLIAMS.
H.J. Res. 22: Mr. CALVERT.
H.J. Res. 61: Mr. CALVERT.
H.J. Res. 103: Ms. ENGLISH of Arizona.
H.J. Res. 177: Mr. WAXMAN, Mr. SANDERS, Mr. WYNN, Mr. HASTINGS, Mr. FISH, Mr. HUTTO, Mr. FAZIO, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. KASICH, Mr. KENNEDY, Mrs. KENNELLY, Mr. LIPINSKI, Ms. ROYBAL-ALLARD, Mr. STOKES, Mr. FALEOMAVAEGA, Mr. WILSON, Mr. EVANS, Mr. MARTINEZ, Mr. MFUME, Mr. TEJEDA, Mr. FOGLIETTA, Mrs. SCHROEDER, Mr. HOCHBRUECKNER, Mr. GILMAN, Mr. DELLUMS, Ms. VELAZQUEZ, Mr. DEFAZIO, Mr. HYDE, Ms. SLAUGHTER, Mr. SHAYS, and Mr. FILNER.
H.J. Res. 253: Mr. HORN, Mr. BLUTE, Mr. BISHOP, Ms. MCKINNEY, Mr. BILIRAKIS, Mrs. UNSOELD, Mr. LIVINGSTON, Mr. YATES, Mr. MCCRERY, Mr. HYDE, and Mr. SHAYS.
H.J. Res. 266: Mr. FISH.
H.J. Res. 278: Mrs. THURMAN and Mr. ROMERO-BARCELÓ.
H.J. Res. 291: Mr. SARPALIUS, Mr. STENHOLM, Ms. MCKINNEY, Mr. DELLUMS, Mr. POMBO, Ms. BROWN of Florida, Ms. NORTON, Ms. WATERS, Mr. ROSE, Mr. SISISKY, Mr. ANDREWS of Maine, Mr. BERMAN, Mr. STUDDS, Mr. HAMBURG, Mr. DICKEY, Mr. FAZIO, Ms. WOOLSEY, Mr. MATSUI, Mr. BECERRA, Mr. FILNER, Mrs. KENNELLY, Mrs. JOHNSON of Connecticut, Ms. DELAURO, Mrs. MINK of Hawaii, Mr. RUSH, Mrs. COLLINS of Illinois, Mrs. MEYERS of Kansas, Mrs. BENTLEY, Mr. BARLOW, Mr. OLVER, Mr. STUPAK, Mr. WAXMAN, Mr. STRICKLAND, Mr. HASTINGS, Mr. CLAY, Mr. PALLONE, Ms. FURSE, Ms. VELAZQUEZ, Mr. TOWNS, Ms. LOWEY, Mr. FOGLIETTA, Mr.

HOLDEN, Mr. KLINK, Mr. MCHALE, Mr. CLYBURN, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. GENE GREEN of Texas, Ms. SHEPHERD, Mr. SANDERS, Ms. CANTWELL, Mrs. UNSOELD, Mr. WISE, Mr. BARRETT of Wisconsin, Mr. OBEY, Mr. GOODLATTE, Mr. SABO, Mr. COBLE, Mr. SYNAR, and Mr. SLATTERY.

H.J. Res. 297: Mr. TOWNS and Mr. FAWELL.

H.J. Res. 302: Mr. PRICE of North Carolina.

H.J. Res. 305: Mr. GREENWOOD, Ms. BROWN of Florida, Mrs. UNSOELD, Mr. HEFNER, Mr. HUTTO, Mr. DE LUGO, Mr. SAXTON, Ms. MARGOLIES-MEZVINSKY, Mr. RICHARDSON, and Mr. FILNER.

H.J. Res. 309: Mr. CALLAHAN, Mr. MONTGOMERY, Mr. MCDERMOTT, Mr. CRAMER, Mr. WOLF, Mr. RANGEL, Mr. BACHUS of Alabama, Mr. BALLENGER, Mr. LIPINSKI, and Mr. EVERETT.

H.J. Res. 311: Mr. ACKERMAN, Mr. BACCHUS of Florida, Mr. BALLENGER, Mr. BATEMAN, Mr. BEILENSON, Mr. BILBRAY, Mr. BOEHLERT, Mr. CONYERS, Mr. DELLUMS, Mr. DINGELL, Mr. FOGLIETTA, Mrs. FOWLER, Mr. GEKAS, Mr. HALL of Ohio, Mr. HANSEN, Mr. HEFNER, Mr. HINCHEY, Mr. JACOBS, Mr. KLECZKA, Mr. KREIDLER, Mr. MCHUGH, Mrs. MALONEY, Ms. MARGOLIES-MEZVINSKY, Mrs. MEYERS of Kansas, Mrs. MINK of Hawaii, Mr. MOAKLEY, Mr. MONTGOMERY, Mrs. MORELLA, Mr. MURPHY, Mr. ROMERO-BARCELÓ, Mr. STUDDS, Mr. TOWNS, Ms. VELAZQUEZ, Mrs. VUCANOVICH, Mr. WHEAT, Mr. WILSON, Mr. WOLF, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. STEARNS, and Mr. HYDE.

H.J. Res. 317: Mr. NUSSLE, Mr. RAMSTAD, Mr. FIELDS of Louisiana, Mrs. MINK of Hawaii, Mr. NATCHER, Ms. SNOWE, Mr. TALENT, Mr. PICKLE, and Ms. FURSE.

H.J. Res. 322: Mr. PETE GEREN of Texas, Mr. COOPER, Mr. FROST, Mr. TORRICELLI, Mr. MENENDEZ, Mr. CALLAHAN, Mr. BROWDER, Mr. HILLIARD, Mr. ORTON, Mr. FILNER, Mr. BATEMAN, and Mr. MANN.

H.J. Res. 325: Mr. RANGEL, Mr. MINETA, Mr. HILLIARD, Mr. HYDE, Mr. LIVINGSTON, Mr. MCCLOSKEY, Mr. MCDERMOTT, Mr. KLEIN, Mr. MANTON, Mr. KLECZKA, Mr. MURTHA, Mr. NEAL of Massachusetts, Mrs. CLAYTON, and Mr. DEUTSCH.

H.J. Res. 332: Mr. DORNAN, Mr. HANSEN, Mr. CONYERS, Mr. RANGEL, Mr. ARCHER, Mr. YOUNG of Florida, Mr. SPENCE, Mr. LEWIS of Florida, Mr. BATEMAN, Mr. BILIRAKIS, Mr. SANGMEISTER, Mr. TORRES, Mr. BLILEY, Mr. MURTHA, Mr. COBLE, Mr. CALLAHAN, Mr. MANTON, Mr. CLINGER, Mr. SOLOMON, Mr. JACOBS, Mr. MINETA, Mr. KLEIN, Mr. STUMP, Mr. TORRICELLI, Mr. ROMERO-BARCELÓ, Mr. SMITH of Michigan, Mr. SARPALIUS, and Mr. KING.

H.J. Res. 333: Mr. RIDGE, Mr. MORAN, Ms. FURSE, Mr. HINCHEY, Mr. NADLER, Mr. BROWN of California, Mr. COSTELLO, and Mr. DE LUGO.

H.J. Res. 335: Mr. GEKAS, Mr. MURPHY, Mr. KENNEDY, Mr. WOLF, and Ms. EDDIE BERNICE JOHNSON of Texas.

H.J. Res. 336: Mr. BORSKI.

H. Con. Res. 20: Mr. EMERSON.

H. Con. Res. 147: Mr. WILSON and Mr. ROMERO-BARCELÓ.

H. Con. Res. 166: Mr. PRICE of North Carolina.

H. Con. Res. 199: Mr. KNOLLENBERG, Mr. PAYNE of New Jersey, Mr. ANDREWS of Texas, Ms. MARGOLIES-MEZVINSKY, Mr. SARPALIUS, and Mr. ROMERO-BARCELÓ.

H. Res. 234: Mr. BURTON of Indiana, Mr. LAROCCO, Mr. EWING, Mr. SKAGGS, Mr. BARTON of Texas, Mr. ZIMMER, Mr. BORSKI, Mr. SWETT, Mr. KENNEDY, Mr. GRAMS, Mr. BARCA of Wisconsin, Mr. SHAYS, and Mr. BROWN of Ohio.

H. Res. 315: Mr. PARKER.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

80. By the SPEAKER: Petition of the Legislature of Rockland County, NY, relative to memorializing the President to appoint a special envoy to Northern Ireland; to the Committee on Foreign Affairs.

81. Also, petition of the Common Council of the city of Buffalo, NY, relative to H.R. 2229; jointly, to the Committees on Foreign Affairs, Energy and Commerce, Post Office and Civil Service, and Ways and Means.

EXTENSIONS OF REMARKS

STANDING UP TO CHINA

HON. CHARLIE ROSE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. ROSE. Mr. Speaker, I am deeply disturbed by the humiliating fiasco evident in the Chinese rebuff of Secretary of State Warren Christopher on the human rights issue in recent days.

I now believe that with the calculated insult to our Secretary of State evident in the mass arrests of dissidents immediately prior to the visit and arrogant statements by the Chinese Government, we would have been better advised to cancel the visit and reaffirm our commitment to withholding most-favored-nation status. We should let Beijing know that we mean business.

Chinese persecution of the Buddhist faith in Tibet and the suppression of the culture and identity of the Tibetan people has now reached the point where the peaceful Tibetans are driven to consider taking up arms in a peoples' liberation resistance movement against their Chinese oppressors. When Afghan rebels arose against Communist invaders from the Soviet Union we provided rebels with Stinger missiles and other weapons. Perhaps we should do the same for the Tibetans if this gentle people find themselves forced to take up arms against Chinese Communist tyranny.

Beijing has not met the conditions for MFN enunciated by President Clinton. They believe that American business interests will be more influential at the White House level than human rights concerns. Taiwan and Hong Kong investors are also weighing in to protect Beijing.

Thirty-eight percent of China's total exports go to the United States. Last year we bought goods worth $31.5 billion from China while they purchased only $8.8 billion in American exports. America's trade deficit with China is second only to its deficit with Japan.

We are upset about Japan and have expressed ourselves with some effect. But we have heard very little about the trade deficit with China. China is growing rapidly in the realm of commerce while backsliding in its respect for human rights, religious freedom, and such matters as the use of prison labor and the brutal occupation of Tibet.

Mr. Speaker, the time has come for a review of our trade policy with China. The Chinese Government has shown that it will make pragmatic concessions only if we show firm resolve.

We should stop talking about sanctions and MFN if it is only empty rhetoric. President Clinton expressed himself in a forthright manner to the Chinese at Seattle. He should now take an equally firm stand with his own State Department which has waffled and wavered. Secretary Christopher's fiasco in Beijing caused national embarrassment. I cannot believe that the President will sustain a diplomatic policy that is more responsive to financial interests than human interests.

I am also concerned that if we wish to avert a bloody revolt of the Tibetan people against tyranny we have no time to lose. The film "Schindler's List" recalls how world indifference facilitated the murder of 6 million Jews. Now we have the spectacle of 6 million Tibetans facing national extinction and cultural and religious genocide.

In light of recent developments I do not see how our Government can go on honoring China as a most favored nation.

Mr. Speaker, I wish to insert in the RECORD a number of articles from the Washington Post and New York Times.

From the New York Times, Mar. 11, 1994]

DALAI LAMA REASSESSES EFFORT WITH CHINA

NEW DELHI, March 10.—The Dalai Lama warned today that pressures from Tibetans who are tiring of his efforts to negotiate with China for broader rights for Tibet may force him instead to seek international backing for an independent Tibet.

In a statement to mark the 35th anniversary of the 1959 uprising, the exiled spiritual leader said he was reassessing the basis of his approach to the Chinese Government. His plan envisions Tibet as gaining extensive autonomy within China, including the right for Tibetans to choose their own government, with the Chinese authorities retaining control of foreign relations and defense.

In New Delhi, a few hundred Tibetans, some hoisting banners calling for an independent Tibet, protested Chinese rule in their homeland. Among them were some student leaders who have been increasingly critical of the Dalai Lama, faulting his commitment to nonviolence in the struggle for Tibetan rights. Some militants have advocated a guerrilla war against Chinese rule.

[From the Washington Post, Mar. 15, 1994]

TRADING WITH CHINA

If the Clinton administration finds it politically impossible to cut off trade with China in the name of human rights, it should not make threats. Secretary of State Warren Christopher went to Beijing in the manner of a judge giving a defendant one last chance before finding him in contempt of court. Since the Chinese have remained adamant, he is now reduced to looking for silver linings, and finding examples of microscopic progress here and there, in anxious preparation for the backdown that now looks probable.

The Clinton administration has been saying for nearly a year that if there is no significant improvement in the practice of human rights in China by June, China will lose the trade benefit known as MFN—most favored nation—treatment for the goods it sells in this country. Under MFN, imports from China enter under the lowest tariff that any other country gets. Without it, tariffs would shoot up to levels that, for many kinds of goods would be prohibitive. American exporters to China have been drumming on the administration not to withdraw MFN, since the Chinese would certainly retaliate. But American trade with China is unusually lopsided. Last year China exported goods worth $31.5 billion to this country, while importing only $8.8 billion in American goods. This country's trade deficit with China is second only to its deficit with Japan. While the United States complains endlessly about the Japanese deficit, you have heard very little about the one with China.

All of this country's relations with China are colored by an odd but powerful emotion that you could call commercial romanticism. It's an attitude that's smitten with the grandeur of China as well as the size of its markets, and it leads to a willingness to do business on China's own peculiar terms. While that $8.8 billion a year in exports is substantial, it is much less than this country exports to, say, either South Korea or Taiwan. Oh, the romantics respond, but China is growing much faster. True. That makes the present moment a good one to clarify the rules for that growing trade. If the United States insists on open markets in Japan, how about China?

A less romantic argument for doing nothing points out that trade with the West promotes rapid economic growth, which in turn undercuts the Communist regime. That's true, but the old regime won't necessarily be replaced by anything like democracy in the Western sense. Trade is a conduit for ideas, but building influence is a slow process. In the aftermath of Mr. Christopher's trip, the United States needs to consider carefully exactly what it wants to accomplish in its trade with China. First of all, it needs to stop talking about sanctions if it does not intend to impose them.

[From the New York Times, Mar. 16, 1994]

STANDING UP TO CHINA

When dealing with China, it sometimes helps to see matters through Chinese eyes. As Beijing views it, a great power must always insist on being treated with due respect. To behave otherwise is to acknowledge inferiority and therefore to forfeit influence.

During Secretary of State Christopher's weekend visit to Beijing, Chinese leaders aggressively asserted what they see as the prerogatives of China. They deliberately humiliated America's highest-ranking diplomat by temporarily rounding up some of the country's most prominent dissidents, and by detaining several Western correspondents trying to report on the crackdown.

The purpose of the roundup was to prevent Mr. Christopher from hearing any independent views on the human rights issues he is required to evaluate before making a recommendation by June on renewing China's access to the most favorable American tariff schedules.

For the sake of a healthy U.S.-China relationship, Washington is now obliged to respond with equal firmness. To kowtow to Chinese bullying would be to repeat the mistakes of the Bush Administration, which squandered American influence by its consistent refusal to press human rights issues. That was what first provoked Congress to

force annual showdowns over linking continuation of China's trade privileges to progress on human rights.

The Clinton Administration needs instead to be forthright about its continued determination to insist on human rights progress. It especially needs to dispel China's impression that it can exploit differences between various policy makers in the Administration, Congress and the business community. Such miscalculation can only increase the likelihood of a rupture both sides would prefer to avoid.

China, despite its pose of cool indifference, desperately needs the $20 billion hard currency surplus it earns from its trade with the U.S. to carry on with its ambitious economic development plans. And U.S. business frankly wants to maintain access to one of the world's largest and fastest-growing economies. For their part, human rights advocates recognize that China's continued economic growth and openness contribute to domestic pressures for more responsive, less dictatorial government.

Even so, the Clinton Administration has a clear right under international law, and an obligation under U.S. law, to link China's trade status to minimum human rights goals. The Administration has demanded nothing unreasonable or demeaning, for the most part asking only compliance with international agreements to which China already subscribes. Washington seeks an end to the export of goods produced by slave labor, freer emigration for relatives of exiles and detainees, humane and lawful treatment of prisoners, and respect for the cultural traditions of Tibet. On most of these issues it has not set rigid benchmarks but is looking for "overall significant progress."

The Administration can use the remaining two and a half months provided by last year's executive order to give China the greatest possible incentive to demonstrate progress. But Mr. Clinton must make clear that if Beijing continues to try to blow past the whole issue with deliberate human rights provocations, it will be making a very big mistake.

ENDANGERED SPECIES: ORIGINAL GOLDEN ARCHES

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. HORN. Mr. Speaker, this week, two national newspapers, the New York Times and USA Today, drew attention to a fight being waged between preservationists and corporate beancounters over the fate of a national icon, the oldest, original still-standing McDonald's restaurant.

That restaurant is located in Downey, CA, and community leaders have joined with the Los Angeles Conservancy and others committed to preserving historic southern California landmarks in the fight against corporate executives who ignore historic significance in their commitment to the bottom line. Downey residents, led by City Councilwoman Joyce Lawrence, have fought a good fight and have marshaled strong arguments for preserving this historic landmark.

USA Today, in a March 8 editorial, captured the reason why the people of Downey want to save the 41-year-old building: "McDonald's didn't invent the drive-in burger joint, but it can take a lot of credit. Nothing ever captured the on-the-run vigor of mid-50's America so completely as Speedee McDonald, the chain's first mascot, and the golden arches for which he stood."

The editorial concludes, "Is it justice that the Downey drive-in should fall victim to the same culture of impatience that gave it life? More likely, it's just compounding the error."

Unfortunately, the McDonald's officials who have been trying to close this historic site may have been aided in this unsentimental effort by the January Northridge earthquake, which caused mild damage. They argue, says B. Drummond Ayres, Jr., in his March 6 New York Times article, "Endangered Species: Original Golden Arches," that the restaurant, which has been closed since the earthquake, cannot be brought up to current McDonald's standards without destroying the structural details the preservationists want to save.

The preservationists are continuing their fight to save this spot, where, it is said, Ray Kroc, then a milkshake-machine salesman, was first impressed with the fast-food approach of the McDonald brothers which he turned into a worldwide phenomenon. The article and editorial about the fight follow.

[From the New York Times, Mar. 6, 1994]

ENDANGERED SPECIES: ORIGINAL GOLDEN ARCHES

(By B. Drummond Ayres, Jr.)

DOWNEY, CA, March 5.—Just about every town has a McDonald's. But Downey has the oldest, original still-standing McDonald's, built way back in 1953, the year Southern California gave birth to the fast-food chain that conquered the globe.

It is one totally awesome relic. There isn't a faux mansard roof shingle or earth-tone brick in sight. This is the eye-popping original, with the bright yellow parabolic arches piercing a raked roof, a gleaming facade of red and white tile, flashing neon trim, walk-up windows, lots of chrome, no inside seating.

Just looking at it brings back memories of sharing 15-cent burgers and 10-cent fries with a date, while the Dynatone mufflers rumble and Bill Haley and his Comets are rocking out of the little speaker in the dash.

Give me a quarter-pounder with . . .

Sorry. Closed. See you later, alligator.

The building was mildly damaged in the earthquake in January. A few cracks were found, and McDonald's shut it down. For good, the company says.

APPEAL TO CLINTON

But preservationists are fighting to save it with "McDemonstrations" and even an appeal to the nation's No. 1 junk-food consumer, President Clinton.

They say the issue here is much bigger than burgers and nostalgia. It is nothing less than the rescue of an architectural icon whose impact has been felt beyond Downey, a sunny middle-class suburb of workers in the aerospace and military industries that lies a 30-minute freeway ride south of downtown Los Angeles.

Architectual icon?

"Junk food can be history," said Christopher Nichols, a member of the Los Angeles Conservancy, a nonprofit group dedicated to preserving historic Southern California landmarks.

In the Angeleno mind-construct, that does not stop with saving old Spanish adobe.

Thus far, the McDonald's Corporation, which has phased out the golden arches for the mansard look, has refused to reconsider. It says the restaurant was cracked a little by the quake, is outdated and cannot be brought up to current McDonald's standards without destroying the very structural details the preservationists want to save.

"We have closed the restaurant and we will not reopen it," said Kevin Mazzu, McDonald's marketing manager for the Los Angeles region. "We plan to build a new restaurant elsewhere in the city in which we'll incorporate important parts of the old building, something we've done in other places."

Mr. Nichols said it would be architectural heresy to move a single nail of the 41-year-old structure in the heart of Downey, at the busy intersection of Florence Avenue and Lakewood Boulevard.

PIECE OF HISTORY

He noted that because the 1953 Downey McDonald's was the oldest surviving restaurant in the worldwide chain and, equally important, had never been moved or architecturally modified because of a quirk in its franchise arrangement with the parent corporation, the National Register of Historical Places had ruled that it could be placed on the register, providing the building's owner requested a listing.

That has yet to happen. Nor is it likely, since the parent corporation took over the franchise in 1990.

Mr. Nichols and other members of the Conservancy see the final disposition of the Downey McDonald's as a major test of a major corporation's sense of civic responsibility.

They argue that McDonald's should join, other big companies around the country that are beginning to preserve important, historic corporate memorabilia. They make the point that General Motors has put together an archive of its company papers and records, that Procter & Gamble has carefully preserved a collection of Hollywood makeup it acquired when it took over Max Factor and that Woolworth and First Citizens Bank of Raleigh, N.C., are helping to establish a museum in Greensboro, N.C., for the whites-only Woolworth lunch counter that was the stage for the 1960 civil rights sit-in.

PRESERVATION EXAMPLES

"McDonald's should take a lesson from those kinds of companies," said Pete Moruzzi, another member of the Conservancy, which has helped save the 1939 Spanish-style Union Station in downtown Los Angeles, the city's 1928 art deco Bullock department store on Wilshire Boulevard and many of its rambling, turn-of-the century bungalows.

Mr. Moruzzi, who has organized at least one McDemonstration in front of the restaurant, contends that the January earthquake did no significant damage to the structure, certainly not enough to merit its closing.

"They were just looking for an excuse to shut it," he said. "They've been talking about closing it for a long time, saying it's tired and outdated. They think they can make more money out of one of those new places. Worse, there isn't a law on the books that we can invoke to stop the destruction of the restaurant if it comes to that. All we can do is appeal to their sense of civic duty."

McDonald's answers that while it is a profit-driven enterprise—it will not release its books on the Downey McDonald's—it has a proven record of corporate civic responsibility.

Company officials point out that the corporation long ago set up a McDonald's museum in Des Plaines, Ill., in a reconstructed 1955 McDonald's.

STRIKING A BALANCE

As for Downey dispute, the officials say they have to balance preservation with economics. They profess to be unimpressed by a letter campaign and McDemonstrations and unconcerned that at least one preservationist has written the White House. "Your work to preserve this landmark is admirable," a Clinton aide wrote back.

Why not spruce up the old building and advertise it as one of the attractions of the town where the singer Karen Carpenter grew up, the surfing novelty song "Wipe Out!" was recorded and the Apollo moon capsule was built?

"It has no inside seating, no drive-through, things like that," Mr. Mazzu replied. "Without them, and putting them in would change things, we feel we can't offer our patrons the kind of service they've come to expect."

The Downey restaurant was the third in the initial batch of a dozen or so McDonald's outlets to go up, with each outlet built using the same set of plans. The first two restaurants were closed and replaced years ago, but the restaurant here, because of the way the franchise was worded, did not come under full corporate control until 1990.

THE WAY AMERICANS EAT

According to preservationists, it was at the Downey restaurant that Ray Kroc, a milkshake-machine salesman, became fascinated by the innovative fast-food assembly line created by two brothers named McDonald, an assembly line that eventually changed the way Americans eat. He was so impressed that he went into business with them and eventually bought them out.

The preservationists argue that another important reason the Downey restaurant should be saved is that the gaudy, exuberant design of the first McDonald's outlets set the style and tone for an architectural revolution in the 1950's and 1960's. As the preservationists see it, that revolution, for better or for worse, radically altered the previously mundane look of commercial America.

This was particularly true, they say, for the commercial highway strips and shopping centers that sprang up in the postwar years to service a nation suddenly having a torrid love affair with the automobile and suburban living.

"It was architecture that caught the spirit of a country coming off a great depression and a great war, and the Golden Arches were in the vangard," said Alan Hess, a prominent California architectural critic who has written extensively on roadside strips and McDonald's.

ROADSIDE CULTURE

"McDonald's was specifically conceived to be part of the new roadside culture," he continued. "The soaring, bright arches were meant to get a driver's attention. And they did, because besides being big and bright they also were bold, modern, forward-looking, high-tech, energetic, exuberant, optimistic—all the things we were back then."

Though the old Downey McDonald's is closed and the fight goes on to get it reopened, for those who can't wait, relief from a Big Mac attack is just down the road a bit, where stands one of those mansard McDonald's.

"I go there sometimes but it's just not the same," said Jerry Mull, a 47-year-old engineer who spent a good part of his youth hanging at the old place in his DelRay Club Coupe.

"The food tastes the same but it's not the same," he lamented. "It's not my kind of place. It's their kind of place.

[From USA Today, Mar. 8, 1994]

ARCH SUPPORT

McDonald's didn't invent the drive-in burger joint, but it can take a lot of credit. Nothing ever captured the on-the-run vigor of mid-'50s America so completely as Speedee McDonald, the chain's first mascot, and the golden arches for which he stood.

Alas, Speedee's heirs aren't softies. The company has made the woeful decision to tear down the oldest McDonald's still standing—a rake-roofed, yellow-arched, red-and-white tiled beauty in Downey, Calif. The building is too small for modern equipment, does not have indoor seating and—according to unconfirmed but believable reports—loses $50,000 a year.

That last item violates another McDonald's tradition—black ink. In 1955, total sales were less than $250,000. Ten years later, sales were $250,000 *per restaurant*, of which there were about 700. In 1993, sales were $23 billion in 13,900 outlets.

McDonald's is in it for the money, not the memories, and that's fair enough. Jettisoning the old was as much as part of the '50s as eye-catching drive-in architecture. And in its defense, McDonald's does indeed have some sense of historical obligation. It has reconstructed another old drive-in as a museum in Illinois, and parts of the Downey drive-in will be incorporated in a new, '50s-style restaurant in that city.

But reconstructing history isn't the same as preserving it. Nor as desirable.

Early drive-ins heralded a vast out-of-house migration, during which the nation issued itself a license to discard old and inefficient things. In that way, McDonald's oldest extant drive-in has genuine historical and cultural value.

Moreover, a memorial to fast food's roots fits best in southern California, where the drive-in phenomenon was embraced first and most enthusiastically. For these reasons, McDonald's should try again to preserve the Downey drive-in in its original, operating condition.

Is it justice that Downey drive-in should fall victim to the same culture of impatience that gave it life? More likely, it's just compounding the error.

TRIBUTE TO ISIDORE GOLD

HON. MAURICE D. HINCHEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. HINCHEY. Mr. Speaker, I would like to speak about a very fine constituent of mine who has recently celebrated another milestone in his life. Isidore Gold, a World War I veteran, reached the distinctive age of 100 years on March 4, 1994.

Born in Minsk, Russia, he emigrated to the United States at a young age and settled in Monticello, NY. A farmer by occupation, Gold enlisted with many other fine men when America entered the First World War. Following a period of basic training, Isidore Gold was shipped overseas, serving his Nation with honesty and distinction. As a member of Company C, 305th Infantry division of the U.S. Army, Gold repeatedly proved himself as a soldier. He fought nobly between June 21 and August 18, 1918, in the Baccarat and Vesle sectors, and between August 18 and November 1, 1918, in the Oise Aisne and Meuse Argonne offensives. As his enlistment record attests, Mr. Gold's service to this Nation was of the highest caliber and he was honorably discharged at Camp Upton, NY on May 9, 1919. Thank you, Mr. Gold, for serving your Nation and we wish you many continued years of happiness.

IN HONOR OF THE 100TH ANNIVERSARY OF THE TIMES CHRONICLE

HON. MARJORIE MARGOLIES-MEZVINSKY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Ms. MARGOLIES-MEZVINSKY. Mr. Speaker, I rise today to celebrate the 100th anniversary of the Times Chronicle, an award-winning weekly newspaper in Jenkintown, PA.

The Times Chronicle is a community newspaper in every sense: It has been honored by the area police department, as well as numerous other organizations, for community service; staff members are active in the Jenkintown Rotary and the Eastern Montgomery County Chamber of Commerce; and the Times Chronicle Newspapers scholarship contest has presented more than $60,000 in scholarship awards to deserving Montgomery County high school seniors. Of course, it provides its thousands of readers with information about the Nation as a whole, the great State of Pennsylvania, beautiful Montgomery County, and their own backyards.

Born from the merger of the Jenkintown Times—first published April 7, 1894—and the Jenkintown Chronicle—first published March 31, 1894—the Times Chronicle, then the Times-Chronicle, was first published on December 29, 1894. It has won numerous State and national awards, including four sweepstakes awards in the Keystone Press/PNPA Contest in 1959, 1971, 1975, and 1976, making it the most honored weekly newspaper in the State during those years. The Times Chronicle was honored nationally for its business coverage in 1991 by the Suburban Newspapers of America.

It is my honor and pleasure to recognize the fine efforts of president and publisher Arthur W. Howe IV, vice president and executive editor Fred D. Behringer, marketing director Elizabeth Hunt Wilson, managing editor Warren W. Patton, advertising manager Leslie Franklin Hamada, and the entire staff of the Montgomery Newspapers and the Times Chronicle for their wonderful work and continued success.

IT IS TIME TO RECOGNIZE THE SERVICE OF THE LAO-HMONG

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. VENTO. Mr. Speaker, today I, along with five of my colleagues am introducing leg-

islation, the Hmong Veterans' Naturalization Act, which would modify certain naturalization requirements for Hmong veterans who served alongside United States Forces in the Vietnam war.

The Hmong Veterans' Naturalization Act recognizes the extreme sacrifice made by thousands of Hmong and other Laotian highland groups who served in special guerrilla units in the Vietnam war from 1960 to 1975. Recruited, trained, and funded by the CIA, these units included men, women, and children, some as young as 10 years old. Between 10,000 and 20,000 Hmong were killed in combat and over 100,000 had to flee to refugee camps to survive.

Time and again, they laid down their lives to save and protect Americans. The Hmong stood by the United States at a crucial time in our history; now we have an opportunity to repay that loyalty. While it is clear that the Hmong served bravely and sacrificed dearly in the Vietnam war, many of those who did survive and made it to the United States are separated from other family members and are having a difficult time adjusting to life here. Fortunately there is something we can do to speed up the process of family reunification and ease the adjustment of Hmong into U.S. society, at no cost to the Federal Government.

Few of those Hmong in the United States who served in the special units or their spouses, have been successful in passing the citizenship test. My bill makes the attainment of citizenship easier for those who served in the special guerrilla units by waiving the English language and residency tests. The greatest obstacle for the Hmong in becoming a citizen is passing the English test. Written characters for Hmong have only been introduced in recent years, and whatever chances most Hmong, who served, may have had to learn a written language were disrupted by the war.

This bill would also waive the residency requirement for those who served in order to speed up the process of family reunification. Current law permits aliens or noncitizen nationals who served honorably during World War I, World War II, the Korean conflict, and the Vietnam war to be naturalized regardless of age, period of residence or physical presence in the United States. There is a well-established precedent of modifying naturalization requirement for military service, recently reaffirmed by passage of the Filipino Scouts legislation in the immigration bill passed by Congress in 1990.

The Hmong served the United States for 16 years. They suffered a tremendous loss of life and homeland. This bill recognizes the Hmong people's brave sacrifice and service to the United States.

TRIBUTE TO J.T. WHITE

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. CLAY. Mr. Speaker, often it is said that small business is the backbone of our great Nation. I would like to take this opportunity to pay tribute to an outstanding entrepreneur, the late J.T. White, and those who have carried on his dream. Over 30 years ago, J.T. White founded White Shopping Service in St. Louis. Today, his son, Henry White and wife, Hazel White, carry on the family business. I commend the White family for their contributions to the St. Louis community. The following article recently appeared in the Black History Month series of the St. Louis Small Business Monthly.

[From the St. Louis Small Business Monthly, Feb. 1994]

HENRY WHITE KEEPS HIS FATHER'S DREAM ALIVE AS OWNER OF WHITE SHOPPING SERVICE

As a child, Henry White helped his father live the American dream. White would spend his free time working in his father's uniform shop, White Shopping Service Inc., a shop his father started from scratch.

"I used to get on my bike and deliver uniforms to our customers," White said.

Today, White, now in his 40s, still makes deliveries—only now as company vice president. Just like his father, White is living the American dream as an entrepreneur.

After the death of his father, J.T. White, seven years ago, White stepped in to carry on his father's dream. With the help of his mother, Hazel White, president of the company, the family business continues to serve customers throughout the St. Louis area.

"My dad worked too hard to let someone else come in and take the business over," White said. "I knew this was his dream. I knew he didn't want to give it up."

The dream began over 30 years ago. As a tailor, J.T. White saw an opportunity to sell uniforms to local schools. At the time, no other clothing stores specialized in such uniforms. Thus, the business was born.

The business was run out of the White home from 1960–1965 and out of its current Natural Bridge location since 1965.

Taking over the family business was a tough decision for White. First, he had to come to grips with giving up his nine-year corporate job.

"When I took over the business, it was a little scary at first," White said. "My father was always the backbone of everything here."

Thanks to years of advice and guidance from his father, White was able to make the adjustment. Throughout his youth, White's father would always take the time to teach his son the facets of business, from merchandising to selling.

Said White, "Before he died, he would always say, 'When I'm not here, you know what to do. Just go ahead and do it.'"

What White has done in seven years is enhance his father's dream of being the best.

White Shopping Service Inc. offers every uniform imaginable. The company specializes in such uniforms as postal, nursing and security, just to name a few. The shop also carries uniform accessories—gloves, jackets, hats, etc.

The business foundation taught to him by his father helped White succeed. Customers trust a business that has been around for more than 30 years.

So what is the company's secret of longevity and success?

"The secret of success is plain, simple and easy," White said.

"It's about never giving up.

"A lot of people, when they get discouraged or lose a little money, want to get out. I will never give up. My dad worked too hard for this business."

White has no regrets about carrying on his father's dream. Out of five children, only White decided to carry on with the family business.

"I guess I was the chosen one," he said. "I see this as a big challenge—a challenge to make as much money working for myself as I would working for someone else.

"I know my dad's dream is fulfilled. He wanted someone in the family to carry it on. I think he would be satisfied."

THE NEPHROLOGY FOUNDATION OF BROOKLYN, NY

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. TOWNS. Mr. Speaker, today I rise to commemorate the 10th anniversary of the Nephrology Foundation of Brooklyn's south unit, which took place on March 4, 1994.

The Nephrology Foundation of Brooklyn was established as a not-for-profit organization dedicated to providing the highest quality of hemodialysis patient care. In 1979, the foundation's north unit treated its first four patients. Since that humble beginning, the need for freestanding hemodialysis facilities in the borough has allowed the foundation to open its south unit and east unit office in order to better serve all of the communities of Brooklyn. This phenomenal growth is attributable to the caring service provided to those in need.

During its 15-year history, the foundation has provided life-sustaining dialysis care to almost 2,000 patients while supporting extensive research and educational activities at some of Brooklyn's most prestigious medical centers.

Through the leadership of a dedicated and concerned board of directors, Alfred P. Ingegno, Jr., president, the foundation has responded to the needs of the community. I am certain that they will continue that caring and concerned response in years to come.

REEMPLOYMENT ACT OF 1994

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. FORD of Michigan. Mr. Speaker, it is my pleasure today to introduce the Reemployment Act of 1994, the Clinton administration's comprehensive proposal to reform Federal assistance to dislocated workers, meaning those Americans who have been permanently laid off or are long-term unemployed.

I am joined by more than 30 of my colleagues, including 10 members of the Committee on Education and Labor, in introducing as a separate bill the retraining provisions in order to focus the attention of the House and our committee on that part of the administration's proposal.

It is gratifying to have a Labor Secretary, Robert Reich, come to the House and to my committee and articulate the challenges he sees before us and suggest what we need to do about them. Secretary Reich appeared before the committee this morning, presenting the administration's case for the Reemploy-

ment Act, a week after President Clinton unveiled it at a White House ceremony.

The President and the Secretary propose to consolidate a number of dislocated worker assistance initiatives and establish a single place—so-called career centers—where unemployed people can apply for unemployment benefits and receive information about jobs and job training. Under the bill, people caught between jobs could continue to receive unemployment benefits for 52 weeks, in addition to the standard 26 weeks of benefits, while undertaking training.

The bill would direct the Federal Government, in cooperation with State and local entities, to develop a national labor market information system containing data on the local economy, industries, and employers; available jobs and candidates; and consumer reports on education and training providers. The system would be available to Americans at the one-stop centers.

The bill would consolidate six programs that serve dislocated workers: the Economic Dislocation and Worker Assistance Act; title III of the Job Training Partnership Act, or EDWAA; the Trade Adjustment Assistance Program; separate assistance for workers affected by NAFTA; the Clean Air Act Employment Transition Program; defense diversification, and defense conversion.

We have a confusing system, and the Secretary has spent months figuring out how to improve the system. I look forward to working with the administration and with my colleagues to make appropriate adjustments and pass the bill.

The administration has budgeted $13 billion over 5 years to fund the bill, $11 billion in discretionary spending. An additional $2 billion would be spent on the income support provisions. The $1.5 billion proposed for fiscal 1995 is discretionary.

Mr. Speaker, the administration's plan follows earlier initiatives focused on developing a strong work force for today and tomorrow. The Committee on Education and Labor has approved or is considering the School-to-Work Opportunities Act and education reforms including Head Start reauthorization, Improving America's Schools Act, Goals 2000 Educate America Act, National and Community Service Act, and direct loans for college students.

It is encouraging to have a President who constantly summons us to do all we can to provide our children with the education and training they need to fulfill our hopes for them.

Mr. Speaker, I also want to inform my colleagues that I will be introducing a bill this week containing amendments to the plant closing bill, the Worker Adjustment and Retraining Notification Act, or WARN.

WARN requires most employers to tell workers 60 days in advance when they plan to close a plant, enabling them to find a new job—or get started on finding one—before they are dumped in the street. We were able to enact WARN after 14 years in 1988, when Ronald Reagan allowed it to become law without his signature. Naturally, to dissuade him from vetoing the bill, it had to have some unfortunate loopholes, and it also lacked an enforcement mechanism.

Senator METZENBAUM and I intend to report legislation that would close those loopholes and meet the original intention of the act: to ensure that workers have the best opportunity to avoid the pain of unemployment and remain contributing members of our society.

LONG BEACH SELECTED FOR JOB CORPS PROGRAM

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. HORN. Mr. Speaker, I extend my appreciation to Secretary of Labor Robert Reich for his decision to select the city of Long Beach as one of the new sites for the expansion of the Job Corps Program. Long Beach was one of two sites selected in California and one of nine finalists nationwide.

The city of Long Beach, much like the rest of California, has suffered in recent years from a depressed economy, massive layoffs, and an increase in violent crime. The result has been high unemployment rates and hardship for young men and women attempting to enter the job market. This program will give them new opportunities—new hope. I appreciate the Department of Labor's commitment to addressing the needs of our region and our State.

The Job Corps Program operates under title IV, part B of the Job Training Partnership Act and is designated to serve primarily improverished and unemployed youth between the ages of 16 and 24. The Job Corps Program will be a tremendous help to the disadvantaged youth in Long Beach by preparing them for jobs, the military, and advanced educational opportunities.

As a result of actions taken by the 1991 Base Closure and Realignment Commission, there are two surplus naval properties available in the city of Long Beach. They are: the Savannah-Cabrillo Naval Housing and the Naval Hospital property. The city of Long Beach Reuse Committee has worked with the Navy for the past 2 years in order to determine the most beneficial reuse of the surplus land. The Job Corps Program will be part of a public benefit transfer located on 17 acres of the Savannah-Cabrillo naval housing property.

I commend the efforts of Long Beach City Manager Jim Hankla, and Gerry Miller, director of the Long Beach Economic Development Bureau, for all of their tireless efforts to develop and coordinate the application. I also greatly appreciate the efforts of my colleagues in the California congressional delegation for pulling together to ensure that the concerns of our State will be addressed by this program.

TRIBUTE TO COL. DOUG CARTER, USAF, RETIRED

HON. LESLIE L. BYRNE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mrs. BYRNE. Mr. Speaker, I had occasion recently to reexamine Doug Carter's biography. I never realized it before, but in one way or another, Doug has spent his entire adult life in, or working for, the military and its people.

Born and raised in Bluefield, VA, he earned his college degree at the Citadel, Charleston, SC. He graduated in 1951 as a distinguished military graduate. He then entered active duty with the U.S. Air Force as a regular officer and promptly found himself in the middle of a war.

Following graduation, he completed pilot training and was assigned to the 4th Fighter Wing in Korea. He flew 100 combat missions in the F–86 Sabre jet and was credited with 2½ MiG–15 kills.

For the next 15 years, Doug served in various tactical flying units, including a 3 year stint as an air officer commanding at the Air Force Academy. Upon completion of this tour his flying skills were once again called upon, and he was assigned to Southeast Asia [SEA] where he flew 227 combat missions in the F–4 Phantom jet. His duties in SEA included dropping some of the first laser-guided and electro-optical guided bombs ever used by the Air Force. At the time, he was the director of operations for Task Force Alpha and the famous 8th Tactical Fighter Wing. His next duty tour was at the Pentagon where, from 1971 to 1973, he worked in Air Force operations.

Colonel Carter is a graduate of the Air Command and Staff College and the Industrial College of the Armed Forces. He is a command pilot and has earned numerous awards including 2 Air Force Legions of Merit, 5 Distinguished Flying Crosses, and 14 Air Medals. During his active duty career. Colonel Carter was commander of five different Air Force tactical units.

Mr. Speaker, you would think that any career that includes 327 combat missions would be enough for anyone. It was not enough for Doug. After retiring from the Air Force, Doug assumed his current position as director of the Retired Officers Association's Officer Placement Service.

The Officer Placement Service, or TOPS as it is called, is a unique enterprise and requires a unique individual to run it. In essence, it is a job placement service for military officers from all of the seven uniformed services who are either retiring or being forced out as a result of the current force drawdown. The very heart of this operation is Col. Doug Carter. In his 14 years of service as director of TOPS, he has worked directly with active duty and retired officers and with civilian employers plus executive search firms in assisting officers to find civilian positions for a second career. His reputation in this area is legend. Annually, he addresses more than 100 different gatherings of officers worldwide, instructing them on how best to prepare themselves for the transition into the civilian working environment. Doug takes great pride in knowing he has helped more than 50,000 former, or retired, officers find second careers. His lectures are so well received that twice a year he speaks at the Pentagon with many of the military's top leaders in attendance.

Mr. Speaker, as a final thought, as I am sure you will agree, the word leadership is often applied to those who do not deserve it. In Colonel Carter's case, just the opposite is true. He has been a leader in peacetime but most importantly, he continues to be a leader

to his fellow officers, active and retired, showing them how to cope with the challenges of a changing world. Doug has been a credit to his country, the Retired Officers Association, and to the entire retired community.

HONORING MS. HELEN HUTT ON THE OCCASION OF HER 65TH YEAR OF SERVING THE AMERICAN RED CROSS

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. GILLMOR. Mr. Speaker, Sunday, March 20, 1994 has been designated American Red Cross Day in Ottawa County, OH. This event coincides with the celebration of March as National Red Cross Month.

I rise today to give recognition to a special volunteer for the Ottawa County Red Cross. Ms. Helen Hutt of Port Clinton, OH is currently in her 65th year of volunteer service to the community. I wanted to take a moment and speak about the wonderful work of Helen and the American Red Cross.

Our Nation is blessed by the number of citizens who choose to devote their time to community service. The work is rarely glamorous, yet fulfills a vital need in many communities. The staff and volunteers of the American Red Cross are an integral part of our Nation's health care system. During times of crisis, they have performed brilliantly here in the United States as well as abroad.

Helen Hutt is one of the shining stars of this organization. She began volunteering with the Red Cross when she certified as a lifeguard in 1928. She was a water safety instructor, teaching as well as lifeguarding, at Lake Erie College for Women. During World War II, Helen served as part of the American Red Cross staff in the South Pacific. After the war, Ms. Hunt taught swimming lessons for the Red Cross at Port Clinton City beach for several years.

More recently, she has served the local office by coordinating Red Cross volunteers that assist patients and staff at H.B. Magruder Hospital. Her work involves recruiting unit volunteers and serving at Port Clinton bloodmobiles. In addition, she is an active member of the Ottawa District Office advisory board.

Mr. Speaker, we have often heard that America works because of the unselfish contributions of her citizens. I know that Ottawa County, OH is a much better place to live in because of the dedication and countless hours of service given over the years by Helen.

I ask my colleagues to join me in paying tribute to Helen Hutt's record of personal accomplishments and wishing her all the best in the years ahead.

ANNUAL PANEL IS AN EXAMPLE OF PUBLIC-PRIVATE COOPERATION

HON. LOUISE McINTOSH SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Ms. SLAUGHTER. Mr. Speaker, I rise today to pay tribute to an organization in my hometown of Rochester, NY, which has long exemplified the spirit of cooperation between public and private sector law enforcement.

Our local chapter of the American Society for Industrial Security represents private security officers of all types. Each year, this group has hosted a panel discussion with a local judge, the county sheriff, the Rochester police chief, and the district attorney. The resulting dialog represents just the sort of citizen participation that many experts now hail as a key to our anticrime approach. The annual panel offers a valuable opportunity for wide-ranging discussions about the changing face of crime and violence, and about new approaches to helping ensure the safety and security of every citizen.

Tomorrow night, the society will again hold its annual dinner. The guest of honor will be U.S. District Court Judge Michael Talesca, and members of the law enforcement panel will once again share their views on curbing crime in Monroe County. The dinner will mark the ninth year in which this panel has convened.

I would like to offer my congratulations to Judge Talesca and this year's panelists, to Edwin F. Place, who initiated this annual event in 1985, and to the entire society. Their involvement and interest should serve as a model for private individuals across America.

TRIBUTE TO MYLES HOWARD & THE SONGMASTERS

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. DUNCAN. Mr. Speaker, I want to take this opportunity to recognize one of the most versatile and multitalented groups in gospel music today, Myles Howard & The Songmasters, from Cleveland, TN.

Myles Howard is a name synonymous with southern gospel music, and one of the industry's most recognized veterans. Myles has been nominated as "Favorite Musician" by many nationally known gospel music organizations from across the country.

Janie Howard is also a major part of the group. Having sung gospel music almost all of her life, she has developed a wonderful voice and outstanding stage presence.

Curtis Broadway makes up a third part of the vocals, and is an impressive keyboard artist.

Myles Howard & The Songmasters have also been recognized and commended for their outstanding contributions to the gospel music industry by the Tennessee State House of Representatives.

It is with great pleasure that I share with my colleagues and other readers of the RECORD the accomplishments of this outstanding gospel music group, Myles Howard & The Songmasters, from Cleveland, TN.

REEMPLOYMENT ACT OF 1994

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. ROSTENKOWSKI. Mr. Speaker, today, I am pleased to introduce, at the request of the President, the Reemployment Act of 1994.

During the past few years, Washington's response to the permanent job losses of many American workers was inadequate. Piecemeal programs were created for some workers, but not others. Unemployment benefits were extended, but too few new jobs where created.

The President's reemployment bill emphasizes what an unemployed worker wants—a new job. If a worker needs more training, the bill will provide it, along with some additional income assistance. This will put American workers back to work sooner, and it will help place them in jobs required by new and emerging technologies.

I strongly support the President's efforts in this area, and I look forward to working with him on this vital bill.

ESSAY BY TRAVIS GRIFFITH

HON. ROBERT E. WISE, JR.

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. WISE. Mr. Speaker, I would like to submit the following essay written by Travis Griffith, a 17-year-old student from Charleston, WV. This essay made him the State winner in the Veterans of Foreign Wars and its Ladies Auxiliary Voice of Democracy scriptwriting contest. I share his thoughts on "My Commitment to America" with a sense of encouragement for our future leaders.

MY COMMITMENT TO AMERICA

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

When I experience the privilege of making this pledge, my heart beats more rapidly and a feeling of fullness comes inside me until I feel I might burst with pride. At that moment, I fully understand what it means to be an American and of the commitments that I must make to assure that the generations that follow me experience this same feeling.

Liberty and justice are small phrases with enormous implications. Each person has different values in political, cultural and religious beliefs. Our Constitution demands that our society respect each person's values.

To explain, being an American means having the right to say what you want to say, to do what you want to do and to be what you want to be. However, with the receipt of these rights, there is an implied responsibility to take those actions necessary to protect them.

The best way to fulfill this obligation is to make the commitment to study and learn more about ways to improve America's fu-

ture. I recognize that the degree of commitment one is willing to make is totally discretionary. The effect of one's actions on the future is directly related to the responsibility one assumes. In our democracy, one's potential influence is unlimited.

First, I commit to vote. The number of citizens who fail to exercise their voting rights is tragic. Along with the right to vote, however, is the responsibility to research the candidates and vote for those who have service to the Country as their motivating force. One small voice may not be heard, but millions of small voices together can make a large roar.

Next, I commit to serve the community. I will stand up for those issues that I find important, whether it is the environment, city ordinances, taxes, the economy or even running for an elective office myself. The basic fabric that holds society together is that we care for each other's welfare. Today many people fail to accept this responsibility.

Another commitment is to join civic organizations. I firmly believe that without these organizations in our communities America would just not work. The government cannot do everything for us. In fact, our system is set up to keep government control out of our personal lives. Every word in the shape and substance of our Constitution decides that question between power and liberty. My commitment is my power, which guarantees my liberty and the liberty of others.

These ideas can best be summed up by quoting a great warrior who led the force that liberated Europe during World War II and subsequently became the 34th President—Dwight D. Eisenhower. "Freedom has its life in the hearts, the actions, the spirit of men and so it must be daily earned and refreshed—else like a flower cut from its life-giving roots, it will wither and die." My commitments must ensure that the flower of democracy does not wither and die.

LAKEWOOD: TOMORROW'S CITY TURNS 40

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. HORN. Mr. Speaker, the city of Lakewood, CA, which I am honored to represent, has as its slogan, "Tomorrow's City Today," and its innovative spirit over the past four decades has demonstrated why that slogan is so apt.

Forty years ago last week, Lakewood residents voted overwhelmingly to incorporate the city, which is, in the words of Long Beach Press-Telegram reporter Sabrina Hockaday, a child of World War II. Ms. Hockaday, in her article, "Lakewood: Tomorrow's City Turns 40," and Bill Hillburg, in his piece, "Getting to Know the 'Dad' of Lakewood," both of which appeared in the March 7 Press-Telegram, provide background on the vision of Clark Joaquin Bonner, known as the "founder of Lakewood," and of a planned community which was built up following World War II to provide homes for the families of veterans and others coming to southern California to work in the burgeoning defense and aerospace industries.

Lakewood's city planners were visionaries. As Ms. Hockaday noted, "The city did things then that have become standard practices in developing tracts. Developers used underground wiring for street lights, put in landscaped parkways to separate residential streets from larger boulevards, built parks and schools next to each other and planned a massive shopping center to serve as the city's downtown."

The city remains a wonderful home for families and "retains its solidly middle-class, suburban lifestyle and its link to its past." It is also, I am proud to say, the home of my district office.

I would like at this time to insert the articles which tell of this great city and of the visionaries who laid the groundwork for what it is today. I would also like to include an article from the March 10 Press-Telegram, "A 40th Birthday Party for Lakewood," by Onell Soto, which notes the well-deserved career achievement award given to Howard Chambers, a Lakewood native who has served with distinction for the past 18 years as city administrator.

The article follows:

[From the Press-Telegram, Mar. 7, 1994]

LAKEWOOD: TOMORROW'S CITY TURNS 40

(By Sabrina Hockaday)

LAKEWOOD.—When Carl Rodgers and his wife, Joyce, moved to east Lakewood 35 years ago, they were like many of their neighbors—young, married with children, of modest means.

"It was the only place we could afford," said Rodgers, 62, now a retired construction worker, father of three and grandfather of seven.

Lakewood was also a place where most of its 71,000 residents bought their new, cookie-cutter tract homes with the help of the G.I. Bill and went to work for Cold War-era industries.

And once they landed in Lakewood, they stayed and raised their families.

But 40 years after the city's incorporation, Rodgers and his city are changing. The original settlers are getting older and moving out, and a new generation is moving in. This new group is a diverse bunch: older couples with smaller families and more money than the original settlers; they're more likely to be two-income households; and, most noticeably, they're more likely to be nonwhite. In fact, according to the 1990 census, more than one-quarter of the residents are ethnic minorities.

Despite the changes, the city proudly retains its solidly middle-class, suburban lifestyle and its link to its past.

The city was a child of the World War II. Hundreds of workers who flocked to work at Douglas Aircraft Co.'s defense plant found housing in north Lakewood. By 1949, three developers—Mark Taper, Ben Weingart and Louis Boyar—began to fill in their dream city.

The city's slogan "Tomorrow's City Today" was only a slight exaggeration. The city did things then that have become standard practices in developing tracts. Developers used underground wiring for street lights, put in landscaped parkways to separate residential streets from larger boulevards, built parks and schools next to each other and planned a massive shopping center to serve as the city's downtown.

In a 1951 issue, Time magazine reported 30,000 home buyers swamped the Lakewood Park housing project in one day.

Veterans using G.I. Bill loans could buy two- and three-bedroom homes with no money down and a $50-a-month mortgage.

By 1952, the unincorporated subdivision governed by the Los Angeles County Board of Supervisors was wrestling with its future. As a handful of residents pursued city status, Long Beach launched a plan to annex Lakewood, neighborhood by neighborhood, by holding a series of almost daily votes.

During a particularly bitter campaign, Lakewood Village residents voted by 79 votes to join Long Beach on Aug. 13, 1953.

Shortly after that setback, John Todd, who became Lakewood's first and only city attorney, temporarily fended off more annexation votes by getting residents to file petitions against the action.

On March 9, 1954, residents voted overwhelmingly to incorporate as the city of Lakewood. With an estimated population of 71,000 people in the 7-square-mile city, it became the 16th-largest city in the state. The city gained another 2.5 square miles in the '60s by annexing portions of eastern and northeastern Lakewood.

When people such as Rodgers first moved in, the median age was 25, and more than one-third of the city's residents were younger than 18. Then the city's residents, along with its tree-lined boulevards, began to mature.

The median age rose, and the number of children declined.

By 1990, the trend began to turn around. The median age still hovered around 33, but the number of children, particularly those younger than 4, had increased.

Real estate agent Bob Ferreira, who has sold homes in the 1,500-home tract south of Del Amo Boulevard and east of Palo Verde Avenue for 30 years, has noticed the regeneration. Up until two or three years ago, the territory where he has sold hundreds of homes was 25 percent original owners. Since then, original owners have died or moved, leaving about 15 percent, Ferreira said.

In fact, Rodgers said he is considering moving to Las Vegas, the West's new boom town, to join family members who have moved there. Besides, he said, the home he and his wife have enlarged to 2,000 square feet is getting a little large for them now that they are retired.

The people who are moving out of Lakewood are being replaced with baby boomers who either grew up in the city or heard about its suburban charms.

"So many come to my open houses and say they grew up three streets away," Ferreira said.

Beth, Haggstrom, her husband and their preschoolers didn't grow up in Lakewood, but they decided to settle here after visiting friends who lived in the city.

They love the parks, childrens' activities and community spirit. But she also likes the fact there are a lot of people on her block just like her, "a bunch of thirty-somethings with young children." City officials said they knew one day there would be turnover, They are pleased the city has remained suburban and that what attracts the new generation today is what attracted Rodgers nearly 40 years ago.

[From the Press-Telegram, Mar. 7, 1994]

GETTING TO KNOW THE 'DAD' OF LAKEWOOD

(By Bill Hillburg)

LAKEWOOD.—Your're about to turn 40, Lakewood. It's time you got up close and personal with your dad.

He's also your ancestor if you attend Long Beach City College, work at McDonnell Douglas Corp., fly out of Long Beach Airport, or live in Los Alamitos, Lakewood Country Club Estates, Lakewood Village or Mayfair.

He's Clark Joaquin Bonner, the "founder of Lakewood."

Unless you play golf at Lakewood Country Club, you probably never heard of Clark Joaquin Bonner. The only monument to his deeds is a small plaque near the club's first tee.

"Dad Bonner had vision," recalled his grandson, Clark J. Bonner II. "Even in the depths of the Depression, he knew that Southern California had unlimited potential for growth."

The first man with a vision for Lakewood was retired Union Army Gen. Edward Bouton. In the early 1890s, he tried to build Boutonville.

Instead of a town, Gen. Bouton got a lake.

In 1895, Bouton's well driller hit an artesian gusher at what is now Lakewood Country Club. The general's town site became Bouton Lake, which today serves as a hazard for golfers.

Undaunted, Bouton went into the water business, supplying Long Beach and San Pedro.

THE CLARKS

The next visionaries were William A. and Joaquin Ross Clark. The Clark brothers had made millions off copper mines in Montana and Arizona. Wiilliam A. Clark, known as the Copper King was Montana's first U.S. senator.

The Clarks moved to Los Angeles in the early 1890s. In 1897, they built a sugar factory in what is now Los Alamitos.

In 1898, the Clarks bought 8,139 acres of rancho pasture land from the Bixby family for $405,000 and planted it with sugar beets. They also purchased Gen. Bouton's waterworks. They named their new enterprise the Montana Land Co.

By the late 1910s, Clark Joaquin Bonner, the Clark brothers' nephew, was running the Montana Land Co. More than 40 hands worked at his ranch headquarters on Arbor Road, near Woodruff Avenue. Clark Avenue, named for the Copper King, was the ranch's main road.

The Montana Land Co.'s Los Alamitos Sugar Factory was served by a road built in the 1910s by Bonner. His Los Alamitos Boulevard was the first paved thoroughfare in Orange County.

Workers' homes and businesses clustered around Bonner's brick sugar factory, forming the nucleus for what would become the city of Los Alamitos.

In the 1920s, the sugar market went sour because of foreign competition. Bonner closed the Los Alamitos Sugar Factory in 1926 and began making plans for new crops; homes and industry.

In 1930, Bonner filed plans with the county for Lakewood Country Club Estates. The place name he coined, "Lakewood," was a bit of a stretch. The only large trees on his ranch shaded his headquarters on Arbor Road. They stood several miles from Bouton Lake.

Bonner's plan for a private golf course surrounded by mansions was speculative, given the fact that the nation was in the Depression.

"Dad Bonner knew it was a risk," Clark Bonner II said. "But he also believed that the Depression would end some day and that California would boom."

LAKEWOOD TEES OFF

Play began at Lakewood Country Club in 1933. By 1937, a row of stately homes—equal to the mansions at Long Beach's Virginia Country Club—had been built along Lakewood Drive.

In 1933, Bonner again envisioned opportunity amid adversity. The March 10, 1933, earthquake had left Long Beach Junior College homeless. The school, founded in 1927, had been housed at Wilson High School, which was heavily damaged in the 6.3 quake.

John Lounsbury, LBJC's principal, met with Bonner and asked him for a donation. He gave the school 33 acres on Carson Street, between Faculty Avenue and Clark Avenue.

Classes at what would become Long Beach City College's Liberal Arts Campus began in 1935.

With the college taking shape, Bonner began a new housing development on land near the campus. In 1934, the first buyers moved into Lakewood Village.

Village homes were priced around $3,000. At Bonner's orders, no sidewalks were built in order to maintain a rural ambiance.

Given his family's wealth and fame, Clark Joaquin Bonner moved among the nation's wheelers and dealers. His friends included Army Gen. Henry "Hap" Arnold and engineer Donald Douglas.

In the early 1930s, Gen. Arnold convinced Bonner to donate land to the government for an Army Air Corps base that could be used to help defend the harbor area in case of war.

The Long Beach Army Air Corps Base, adjacent to Long Beach's small Municipal Airport, was training pilots long before war came to America on Dec. 7, 1941. Its presence also created an opportunity for Donald Douglas.

In early 1940, Bonner sold Douglas acreage at Carson Street and Lakewood Boulevard for an aircraft assembly plant.

DOUGLAS TAKES OFF

Douglas, who had founded his company in Santa Monica in 1922, opened the new plant in mid-1940: Its workers delivered their first C-47 transport plane to the Army on Dec. 23, 1941, just 16 days after the Japanese attacked Pearl Harbor.

To house Douglas' employees and other defense workers coming to the Southland, Bonner teamed in early 1941 with the development company of Walker and Lee to build Mayfair, a 1,100-home project north of Del Amo Boulevard.

Bonner's plans for more affordable tract housing were placed on hold during World War II, when material shortages halted most home construction.

When the war ended in 1945, Bonner began making plans to house the thousands of veterans who were heading home. Those plans were cut short in December 1947, when Clark Joaquin Bonner, still in his 50s, died of a cerebral hemorrhage.

"When Dad Bonner died, it was pretty much the end of the Montana Land Co.," Clark J. Bonner II said. "He was the one with the leadership, and his sons (both of whom went on to become successful businessmen) were too young to take over."

In 1949, Bonner's widow, Violet, sold the Montana Land Co.'s remaining 3,500 open acres to the Lakewood Park Corp. for $8 million. Lakewood Park Corp.'s principals—Louis Boyar, Mark Taper and Ben Weingart—also gained control of the Montana Land Co.'s water plant and Lakewood Country Club.

During the next five years, Lakewood Park Corp. built and sold 18,000 homes in what is now Lakewood and East Long Beach.

On Aug. 13, 1953, residents of Lakewood Village approved annexation to Long Beach by a 79-vote margin.

On March 9, 1954, voters in the rest of the community launched by Bonner voted to incorporate as the new city of Lakewood. The incorporation became official April 14, 1954.

On May 27, 1953, Clark Joaquin Bonner's friends and family gathered at Lakewood Country Club to dedicate a memorial to Lakewood's founder. A plaque, fashioned by Donald Douglas' aerospace fabricators, was unveiled by a young Clark J. Bonner II and his cousins.

Today, most traces of Lakewood's founder have disappeared. The Montana Land Co.'s ranch buildings on Arbor Road were razed in the 1950s. Only the ranch's tall eucalyptus trees remain to shade the Lakewood Water Department office.

The Los Alamitos Sugar Factory was torn down in 1960. Recently, even Bonner's lone memorial disappeared.

Several years ago, Clark J. Bonner II—who recently moved from Rossmoor to Marin County—searched in vain for his grandfather's plaque. He was informed that it had been put in storage and lost.

Through his efforts, a modest new marker lauding Clark Joaquin Bonner as the "founder of Lakewood" was dedicated in 1993.

[From the Press-Telegram, Mar. 10, 1994]

A 40TH BIRTHDAY PARTY FOR LAKEWOOD

(By Oneil R. Soto)

LAKEWOOD.—Forty years ago today, an editorial in the Press-Telegram questioned the wisdom of Lakewood's incorporation.

"Those who headed the incorporation drive now have much to prove," it said, warning of the likely bankruptcy of the instant city. "They must share equally the responsibility, as well as the success of the election."

Forty years ago, John S. Todd, a young attorney, helped fashion the idea of a city into reality.

In a packed ballroom on Lakewood's 40th anniversary Wednesday night, Todd, on behalf of Lakewood's pioneers, gave the paper an answer. "I accept that responsibility," he said.

The feeling in The Centre at Sycamore Plaza Wednesday night was a sort of homecoming, a kind of reunion for the scores of people who helped make Lakewood a thriving community.

"You see people you haven't seen for years," said Jackie Rynerson, who walked up and down subdivision tracts campaigning for incorporation.

Rynerson, who went on to serve on the City Council, thanked her husband for enabling her to take part in the incorporation drive.

"It took a man to babysit to let me become a streetwalker," she quipped.

The fact that there were so many of Lakewood's early residents still around, she said, was testament to the fact her long walks were worth it.

Lakewood native Howard Chambers was given a career achievement award for the 18 years he has served as city administrator.

"I'm a bit embarrassed to be on the same stage with some of the heroes who founded this town," he said.

Todd, the only city attorney Lakewood has ever had, looked back and said the city's progress has been beyond the expectations of those who helped form it.

"I don't think anyone realized the great success Lakewood would have," he said.

Todd was instrumental in creating the "Lakewood Plan" of contracting for municipal services—police, fire, libraries, and the like—which spurred the creation of more than 40 other cities in Los Angeles County.

"It all started right here," said Milt Farrell, former city manager. "Contract cities were the wave of the future."

HAROLD E. DOLEY, JR.—RECOGNIZED FOR HIS PIONEERING WORK

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. TOWNS. Mr. Speaker, I have the privilege of entering into the CONGRESSIONAL RECORD an article from MBE magazine which recognizes the pioneering work of Mr. Harold E. Doley, Jr., chairman of Doley Securities, Inc.

This year marks the 20th year that Mr. Doley has been a member of the New York Stock Exchange. I also note that he is the only African-American who now occupies such a position.

Mr. Doley's accomplishments deserve special recognition.

PORTFOLIO OF SUCCESS—HAROLD DOLEY, JR. USES "FAITH IN THE FUTURE" TO HELP BUILD SOUND BLACK OWNED INSTITUTIONS

[By Jeanie M. Barnett]

Fifteen minutes before the closing bell, the trading floor of the New York Stock Exchange resembles an oversized basketball court that's been rushed by thousands of crazed fans and weird aliens from outer space. The latter are the octagonal islands of computer monitors from which glow columns of numbers and abbreviations. The monitors are banked three-high, the ones overhead attached to mechanical arms, another bank at eye-level facing the swirl of people milling about in a flutter of papers, talking on telephones or punching on keyboards at still other computer consoles. Clerks in blue and green jackets rush about; others scribble notes or intently study the monitors—and wait.

On this October afternoon, the market will close at precisely 4 p.m., as it does five days a week, 52 weeks a year. In an average five minutes on the stock exchange, $100 million in securities will change hands. But during the last few minutes the pitch rises, as thousands of traders—mostly male, mostly white, their ties long since loosened—make split-second decisions on whether to sell or buy.

Harold Doley, Jr. watches the commotion from above, in the members' gallery, a second-floor open balcony flanking the trading floor.

Doley and his guest are the only ones on the member's side, along with an elderly Asian woman who is painting at an easel. She was commissioned, Doley explains, to capture the scenes of the Exchange's 200th anniversary.

Despite being himself one of 1,366 individuals to hold a seat on the New York Stock Exchange, Doley, the founder and chairman of Doley Securities, the second oldest black owned investment banking and brokerage firm in the nation, still speaks with a certain awe and fascination about the action taking place below.

"This," he says, nearly shouting above the din, "represents faith in the future." Doley measures his words with care, in an unmistakably Southern drawl. "Markets are people, made up of their thoughts, their goals, their aspirations."

Doley notes that this particular day also marks the sixth anniversary of the Crash of 1987. "That day showed the true fragility of this market, and markets around the world as a whole."

Directly opposite is the visitor's gallery, which, he points out, is sealed off by clear plexiglass—a result of the commotion that ensued after a visit in 1968 by members of the Yippies, a radical political organization, who threw handfuls of dollar bills over the railing and sent traders scrambling to pick them up.

Next, he points out a young African American woman on the floor, explaining that she is a reporter who stands in the crowd and listens to the transactions, then puts them on a computer pad and feeds the information directly on-line. "In a matter of seconds, that computer reads out all over the world. If you disrupt this market, you could affect the financial integrity of the world."

The bell clangs for the last 10 seconds of trading. Despite the day's officially being over, the noise level doesn't diminish. "They'll work up the paperwork for a while," Doley explains, "and check to see if orders they have left with the market makers, or specialists, were executed and at what level. You'll see the results of all this later tonight on the news.

"If there's one thing that's consistently part of the news every evening," he adds, "it's what happens in the stock market."

Harold Doley, Jr. first visited the New York Stock Exchange when he was 11. He was on a family vacation with his parents, and the Exchange was part of their sight-seeing.

Playing the stock market was a family tradition, started by Doley's maternal grandmother, whose investments allowed her to acquire substantial real estate holdings—enough that the small Texas town where she lived bore the family name. Doley's father, who ran a corner grocery store and later taught high school math, also invested in real estate.

Twenty years ago, when he was just 26, Harold Doley, Jr. purchased a seat on the New York Stock Exchange—becoming the first African American individual to do so. (Doley emphasizes the word individual, pointing out that two other black owned firms had preceded him to the floor—Daniels & Bell and First Harlem Securities. It was the late Travers Bell, founder of the nation's first black owned investment banking firm, who "sponsored" Doley in his seat purchase.)

Doley started buying stocks when he was 13, and by the time he enrolled at Xavier University to study accounting, Doley had built a sturdy portfolio. He started an investment club with schoolmates and before turning 21, he had made his first real estate purchase—an apartment building in downtown New Orleans.

After graduating from college, Doley was hired at Bache (now Prudential Securities), and went to New York to train as a broker. "When I first went to Wall Street in 1968, I couldn't believe the absence of blacks, even in menial positions." He secured accounts nobody else seemed to want: black insurance companies, black colleges, black churches, black banks.

After several years behind the desk, Doley wanted to be on the trading floor. Bache's management "told me I didn't have the right type of personality for the floor," he says. "They were later proved right, but I was mad."

His purchase of the seat was rather straightforward: he used his real estate assets and investments to do it. The seat cost him $90,000, in 1973 dollars. At the time, the "Big Board" was still being tabulated by hand. "The paperwork was so enormous that they had to start closing the exchange one day a week," Doley says, shaking his head incredulously. "Naturally, volume dropped precipitously and so did the price on a seat." He still chuckles when he mentions it.

Doley worked the floor as a "two-dollar broker"—one who deals with the overflow should a big firm have too many orders to execute. But he found that he in fact did not like being on the floor. In 1976, he started his own brokerage business.

Today, Doley Securities performs the same services as "bulge bracket" firms like Merrill Lynch, Goldman Sachs, J.P. Morgan and Bear, Stearns. In fact, Doley Securities, which is headquartered at Doley's commercial building in New Orleans, has an office in New York in the Bear, Stearns building on Park Avenue. The difference is one of scale: with 15 employees between the two offices, Doley Securities operates on a much smaller level.

"It is not my intention to grow Doley Securities to compete with the big firms," Doley says. "We are very selective about the opportunities we pursue."

As a broker/dealer, Doley buys and sells securities for institutional accounts, and works with some of the largest companies in America, as well as some of the smallest. One client is TIAA Cref, at $100 billion the largest pension fund in the U.S., which was started by Andrew Carnegie for university professors and employees. The firm also does corporate underwriting for clients including General Motors, Sears and Fannie Mae, the privately held, federal home mortgage corporation. The firm also works with federal agencies including the Resolution Trust Corporation and the Veterans Administration. In the international arena, Doley Securities works with the African Development Bank, a multilateral development institution.

At the other end of the spectrum are the small black owned insurance companies in the South that were Doley's first accounts, and which still represent the firm's core clients: companies like Protective Life Insurance Co. of Birmingham, Alabama, with $15 million in assets; and the New Orleans-based Majestic Life and Safety Life, the latter "which doesn't even have a million dollars in assets," he notes. "But even with such a small portfolio, they do very well.

"We can, and do, put stocks and bonds of our major corporate clients into minority financial institutions, historically black colleges and universities and insurance companies," Doley says. "We believe in these clients."

For example, if a company life GM wants to make a stock offering, Doley Securities will be part of a syndicate that underwrites it. As an underwriter, he takes the risk on the portion he's underwriting, meaning he has to buy what he doesn't sell. Doley may sell some of the securities—stocks or bonds—to a company like Protective Life. He could just as well call on a big state pension fund, like a lot of other brokers—and he often does. "But we also make the calls to black owned companies and give them the same opportunity [to purchase stocks and bonds] that big companies like Aetna and the state pension funds of New York and California have," says Doley.

Doley sees his firm as having played an integral role in the development and growth of black financial institutions. Some of the insurance companies he began selling to during his days at Bache "were primarily burial. Somebody would buy a burial policy of $1,000, which 20 years later they would have paid $1,000 for. It did have some economic value, but the life insurance business has evolved, and [black owned companies] have

much more competitive premiums now. One of the reasons for this transition is the success they've had in their portfolios.

"Many of their portfolios have my signature on them," says Doley, who still handles the accounts himself, "and I'm very proud of it."

Minorities and women are relative latecomers to the world of high finance. Their entry followed the increasing number of black elected officials at the local and state levels in the late 1970s and early 1980s. Atlanta Mayor Maynard Jackson in the 1970s opened the door for black bankers on bond sales for the building of Atlanta's airport. And the late Chicago Mayor Harold Washington set the pace in municipal finance when he required the participation of minority firms in city bond issues. Today, a growing number of minority and women owned securities firms are serving as senior managers on offerings by governmental entities.

What sets Doley Securities apart from the others, observes Harold Doley, III, the firm's 25-year-old president and the older of Doley's two children, "is that my father started out 20 years ago on the corporate side. Most others start out on the public side."

Among the firm's early public sector clients was the Department of Transportation. In 1987, Doley was a co-manager on an initial public offering of Conrail, a beleaguered freight carrier which the U.S. government had taken over in the 1970s and then sought to privatize. It put up 59 million shares of common stock valued at about $1.6 billion, which at the time was the largest initial public offering in history. (The sale of Argentina's state owned oil company now holds that distinction.) Doley Securities was one of only six minority or women owned firms in the 148-firm underwriting syndicate.

While the public arena provides the most opportunity for minority owned firms, "it isn't our primary focus," says Doley. Corporate underwriting is. But unlike public finance, there are no mandates in the private sector that require minority involvement. And with few minorities in the boardrooms of the Fortune 500, the doors aren't exactly swinging wide open. Still, Doley names a number of progressive companies that are involving more minority owned firms in their pension fund management and stock offerings—and Doley is usually on the list. When Sears sold its insurance subsidiary Allstate earlier this year, for instance, Doley Securities was among the few minority underwriting firms on the offering. Currently, the firm is in the syndicate on Pacific Telesis' sale of its holdings in the cellular phone industry. It is the third largest initial public offering ever, says Doley.

Doley Securities is also expanding its global financings through its work with the African Development Bank (ADB). Doley had taken a brief respite from his business in 1982 to serve as the first director of the U.S. Department of Interior's Minerals Management Service (MMS), which at the time was the second-largest source of revenue to the federal government. MMS leases federal and Indian owned lands and the outer continental shelf for oil and gas exploration and collects the royalties.

After one year with the MMS, Doley was named U.S. executive director of the ADB. The position carries the rank of ambassador. He spent two years in Abidjan, Ivory Coast, where the bank is headquartered. The bank has financed such projects as railways, agriculture, schools and hospitals throughout the continent. During his tenure, he was actively involved in structuring lending packages between the ADB and international commercial banks, and worked with staff in formulating country-specific development strategies. In 1988, Doley Securities was an underwriter in $200 million of U.S. offerings by the ADB in the U.S. market. In the last two years, the firm has served as a manager for a $300 million Yankee bond offering, and was the sole placement agent on an issue of $100 million in Medium-Term Notes by the ADB. Overall, Doley Securities has served as managers in over $1 billion in ADB's Yankee bond offerings.

This past summer, Doley Securities added even more clout to its African pursuits when retired California Congressman Mervyn Dymally joined the firm. Dymally, who served as chairman of the Subcommittee on Africa for the House Foreign Affairs Committee, has traveled extensively throughout the continent and, since his retirement from public service, has been representing Mauritania and Namibia on some private sector fishing contracts. Dymally got involved with the firm after a chance meeting with Doley, III outside the United Nations building in New York. Dymally asked him why the firm wasn't doing more business in California, which has one of the largest pension funds in the world and has state laws that govern minority and women business participation.

"When you check the record, Doley Securities is very impressive," says Dymally, who maintains an office in Los Angeles and Washington, D.C. (Federal law prohibits him from lobbying the government for one year.)

"Africa is changing," observes Doley, who claims to have roots from East and West Africa to Ireland. (Doley, he notes, is a derivative of Doyle, which means black or dark foreigner in Gaelic.)

In Africa, "there are more opportunities, and more pitfalls." He envisions that the several small exchanges in a handful of countries (Ghana, Zimbabwe, Zambia, Senegal and Kenya), will one day be linked together through the Johannesburg exchange. He points out that South Africa has a developed banking system which is linked to the rest of the world, and a convertible currency—features many other countries on the continent lack. (During the days of apartheid, Doley was more enthusiastic about disinvestment in South Africa. In 1977, his firm did an analysis on platinum, of which South Africa and the then Soviet Union had the world's largest reserves. The report emphasized that South Africa was not a stable source for the strategic metal since the country was a political and socioeconomic "powderkeg.")

"Africa will have opportunities Eastern Europe won't," he predicts. "Africans are traders. They understand the concept of profit."

But both Dymally and Doley caution would-be entrepreneurs about catching the next plane out.

"You just can't expect to set up an outpost and make money," says Doley. "It takes a long-term commitment."

Adds Dymally: "Losses and expenses are high. Africa is not good for small businesses. It is good for corporations that have a checkbook open and can afford to wait."

Over the next four years, Doley plans to distance himself from the firm's day-to-day operations. "If my son wants to go from 15 to 2,000 employees, that'll be on him." Doley's not planning on retiring, though. He'll step up his consulting with various nations in Africa, and continue to handle the accounts he started his firm with. He'll also spend some time refurbishing the Madame C.J. Walker estate in Westchester County, north of New York City, which he recently purchased. Doley plans to restore the "Villa Lewaro" to its original luster when Walker, the black hair care entrepreneur and first black multimillionaire, resided there during the early part of this century.

"A businessman is a manager," he explains. "I'm not interested in continuing to be a manager, If anything, I'm an entrepreneur. Entrepreneurs create."

TRIBUTE TO JOSEPH BARIS III

HON. JACK REED

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. REED. Mr. Speaker, I rise today to salute a distinguished young man from Rhode Island who has attained the rank of Eagle Scout in the Boy Scouts of America. He is Joseph Baris III of Troop 13 in West Warwick, RI, and he is honored this week for his noteworthy achievement.

Not every young American who joins the Boy Scouts earns the prestigious Eagle Scout Award. In fact, only 2.5 percent of all Boy Scouts do. To earn the award, a Boy Scout must fulfill requirements in the areas of leadership, service, and outdoor skills. He must earn 21 merit badges, 11 of which are required from areas such as citizenship in the community, citizenship in the Nation, citizenship in the world, safety, environmental science, and first aid.

As he progresses through the Boy Scout ranks, a Scout must demonstrate participation in increasingly more responsible service projects. He must also demonstrate leadership skills by holding one or more specific youth leadership positions in his patrol and/or troop. This young man has distinguished himself in accordance with these criteria.

For his Eagle Scout project, Joseph organized, marked, and painted fire hydrants and identified telephones on the east side of Providence.

Mr. Speaker, I ask you and my colleagues to join me in saluting Eagle Scout Joseph Baris III. In turn, we must duly recognize the Boy Scouts of America for establishing the Eagle Scout Award and the strenuous criteria its aspirants must meet. This program has through its 80 years honed and enhanced the leadership skills and commitment to public service of many outstanding Americans, two dozen of whom now serve in the House.

It is my sincere belief that Joseph Baris III will continue his public service and in so doing will further distinguish himself and consequently better his community. I join friends, colleagues, and family who this week salute him.

TRIBUTE TO ST. MATTHIAS EPISCOPAL CHURCH

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. KLECZKA. Mr. Speaker, I rise today to pay tribute to the people and history of St.

Matthias Episcopal Church of Waukesha, Wi in recognition of its sesquicentennial anniversary.

Chartered in 1844, St. Matthias' cornerstone was laid in 1851, marking it as the oldest church in the city of Waukesha. The faithful who worshipped and served throughout this history did so on a foundation of faith and perseverance and from their ranks came three Episcopal Bishops, Kemper, Well and Jacobus; and two former Wisconsin Governors, Barstow and Dreyfus. Today, that foundation remains firm and strong as the parishioners of St. Matthias continue their tradition of action and service.

On this sesquicentennial anniversary of St. Matthias Episcopal Church, I am reminded of George Washington's circular to the States, dated June 8, 1783 in which he prays God "to dispose us all, to do justice, to love mercy, and to comport ourselves with that charity, humility and pacific temper of mind, which were the characteristics of the Divine Author of our blessed religion, and without an humble imitation of whose example in these things, we can never hope to be a happy nation."

I ask my colleagues to join me in congratulating the members of St. Matthias parish on their 150th anniversary. Their continued commitment to faithful action and service is a blessing to our whole Nation.

REEMPLOYMENT ACT OF 1994

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. GEPHARDT. Mr. Speaker, now that President Clinton and the Democrats in Congress have reversed a dozen years of rampant Republican spending and borrowing—now that the deficit is down, and job creation is up—we must ensure that America's workers have the skills to fill those jobs. One of America's greatest challenges in this decade is helping our working people—the best and most talented in the world—t0 change with the changing times.

That's why I am pleased to join with so many of my colleagues in introducing the Reemployment Act of 1994. It's a bill that recognizes that today's unemployment system just isn't meeting today's needs. And it's a bill that recognizes that in a fast-moving economy such as ours, our unemployment and our job training programs have to be an economic thoroughfare—not a dead end.

Today's unemployment system may tide people over, but it doesn't help them move forward—it doesn't help them gain the skills and tools they need to find new and better jobs.

At the same time, the very nature of unemployment itself is in transformation. Due to structural changes in the American work force, the number of workers who are permanently laid-off is growing. And relatively unskilled workers are having a hard time finding new jobs, losing their stake in an increasingly advanced, high-skilled economy,

We've got to reverse this dangerous slide. And we can't do that by simply mailing out more and more unemployment checks, and hoping that these workers stumble into new jobs. We've got to reach out, and help them build a better economic future. The President's Reemployment Act is an important way to start.

It will make our job training and unemployment system more focused and more effective. It will offer real, long-term training to those who have lost their jobs. It will reward those who find work quickly, and give special assistance to those who don't. I believe it will make an important difference to the workers of America. And I hope that in future years we can make these systems even more effective.

Of course, while we train our workers for the 21st century, we must also do more to create the high-wage, high-skill jobs they deserve and demand. But this bill is the first step. That's why I urge my colleagues to support it, and I urge all Americans to stand behind it.

TRIBUTE TO GENE BRADLEY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. GILMAN. Mr. Speaker, on Tuesday evening, March 15, Gene Bradley, the founder and chairman of the International Management and Development Institute, was to be honored at a special dinner to mark his retirement from active management of the organization he founded in 1970 as a "neutral forum" to bridge the gap between business and government in this vital area of international relations.

While those of us in the Congress who have been active in this field will miss the talents that Gene Bradley has brought to this endeavor, we are far from alone. The roster of world leaders lauding his efforts includes Ronald Reagan and Margaret Thatcher, as well as renowned economists such as Paul W. McCracken.

Mr. Speaker, I would like to share with my colleagues their letters to Mr. Bradley on the occasion of his retirement dinner and ask that they be included in the RECORD at this point.

RONALD REAGAN,
March 15, 1994.

Mr. GENE E. BRADLEY,
Honorary Chairman, International Management and Development Institute, Washington, DC.

DEAR GENE: Nancy and I want to send you our personal and sincere best wishes for a job well done!

Upon learning of your retirement, we thought back to your pioneering work at IMDI over the last twenty-four year, and how you had played an important role in building international understanding as well as expanding and strengthening world trade.

In the past, I had the distinct pleasure of addressing IMDI and I know how much the senior officials in my Administration valued their involvement in IMDI especially the Fowler-McCraken Commission.

We are confident that you will be most successful in your future endeavors as you apply that same sense of commitment, energy, and enthusiasm that was so aptly demonstrated in IMDI's success. You have our best wishes, in your new role, and as you continue to promote the spirit of international cooperation.

All the best wishes.

Sincerely,

RONALD REAGAN

MARGARET, THE LADY THATCHER,
HOUSE OF LORDS,
London, March 10, 1994.

MR. GENE BRADLEY: I am honored to join in the tribute to you for your achievement in founding and building IMDI. Its twin purposes of providing a forum to discuss matters between business and governments and to increase co-operation between the United States and Europe were important and timely.

Much has changed in industry and the services since you founded the IMDI 24 years ago. Indeed, the pace of change has never been faster: excellent management and strong leadership have therefore been key needs and I congratulate you on playing such a prominent part in providing them. I am sure you will take pleasure in your retirement by continuing to give advice to those who seek it!

MARGARET THATCHER.

THE UNIVERSITY OF MICHIGAN,
SCHOOL OF BUSINESS ADMINISTRATION,
Ann Arbor, MI, March 10, 1994.

Mr. GENE BRADLEY,
Washington, DC.

DEAR GENE: While it will not be possible for me to attend the dinner Tuesday evening, I do want you to know that Ruth and I will both be there very much in spirit.

IMDI has traversed a long road since that early conversation you and I had in Fontainebleau, now more than a quarter of a century ago. Yours has been one of those rare entrepreneurial performances where a gleam in the eye was brought to reality. That reality became an organization which brought the two sides of the Atlantic community closer together and to a closer understanding in each case of the other's problems and worries. The world economic scene is the better for this, and all of us are deeply indebted to you for your timeless, earnest, and effective labors.

Let me assure you that there is life after retirement, and I confidently predict that you will continue to be making constructive contributions to the international community.

Ruth joins me in extending to you our deep appreciation for what you have done, and our warmest good wishes for the contributions which are ahead.

Regards,

PAUL W. MCCRACKEN.

USAIR—BRITISH GOVERNMENT

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. CLINGER. Mr. Speaker, on Monday, March 14, 1994, Pennsylvania Governor Robert Casey addressed a letter to President Clinton, urging our Government to permit USAir to continue its code-sharing agreement with British Airways. The Governor also encouraged the President not to renounce our air services agreement with Great Britain.

USAir is one of Pennsylvania's largest employers and is the principal air carrier serving Pittsburgh and Philadelphia. Renouncing the code-sharing agreement would have dire eco-

nomic consequences on the financial viability of USAir and would seriously threaten good-paying jobs of over 15,000 men and women who live and work in Pennsylvania.

I join with the Governor, urging the President not to cancel the code-sharing agreement and to continue negotiations with the British Government. At this point, I ask that the Governor's letter be reprinted in full.

COMMONWEALTH OF PENNSYLVANIA,
OFFICE OF THE GOVERNOR,
Harrisburg, PA, March 14, 1994

Hon. WILLIAM J. CLINTON,
President of the United States, The White House, Washington, DC.

DEAR MR. PRESIDENT: I am writing to encourage the U.S. Department of Transportation to act favorably upon USAir's renewal application for code sharing with British Airways. In addition, I urge your administration not to renounce the Bermuda II agreement.

The failure to renew code sharing could seriously jeopardize international service between Pennsylvania's two largest cities, Philadelphia and Pittsburgh, and London. These routes, which encourage international trade and investment in Pennsylvania, would not be viable without the code share passengers.

The prospective loss of code sharing, as provided for under the 1991 treaty, would be a blow to the vitality of the new Midfield Terminal at the Pittsburgh International Airport. Without the advantages of code sharing, there would be no incentive for British Airways to continue maintaining service to Pittsburgh.

USAir is the second largest private employer in southwestern Pennsylvania with more than 12,000 full- and part-time employees. Including the more than 2,300 employees in the Philadelphia region, USAir's total Pennsylvania work force is approximately 15,600. The airline has an annual economic impact in Pennsylvania of $10.9 billion.

The Pittsburgh International Airport is USAir Group's largest hub operation with more than 450 daily flights.

A decision to renounce the existing bilateral agreement between the United States and the United Kingdom would have a direct and negative economic impact on USAir and, consequently, on the Commonwealth. This could end the hope of any new service between the two countries, and might cause the discontinuance of current services provided by British Airways under terms of its agreement with USAir.

The immediate effect of renunciation of the Bermuda II agreement would be to jeopardize the jobs of more than 400 USAir employees operating British Airways flights under "wet lease" agreements.

The second and third stages of British Airways' planned investment in USAir could also be threatened by actions of the U.S. Department of Transportation.

I know that the federal government would not lightly consider the renunciation of an active trade agreement. Nevertheless, as the federal government reaches decisions on these matters, I can not stress enough the importance of the USAir-British Airways alliance to the future economic growth of the Pittsburgh region and all of Pennsylvania.

Thank you for your consideration of this important matter.

Sincerely,

ROBERT P. CASEY,
Governor.

DEFENSE POLICY AND SPENDING

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, March 16, 1994, into the CONGRESSIONAL RECORD:

DEFENSE POLICY AND SPENDING

Since the fall of the Berlin Wall the general consensus has been that military spending should decline. This has changed and we are at the start of the next debate about the future of defense policy and budgets. The debate has been focused by the completion of the Pentagon's Bottom-Up Review and by the President's statement in his State of the Union address that he was drawing the line against further cuts in defense beyond those already planned.

REDUCTIONS IN SPENDING AND FORCES

The end of the Cold War required that we adjust military forces and spending to the reduced threat. Defense spending has dropped considerably from the peak of the massive military buildup in the 1980s, about 23% since 1989 when adjusted for inflation. The cuts in spending have been matched by significant reductions in the size of the armed services. The military is approaching an overall reduction of 25% in size, with larger reductions in some areas, particularly nuclear weapons. This year, however, we will spend only 6% less (adjusted for inflation) than the Cold War average (1950–1989) on a force that is nearly 25% smaller in terms of numbers of soldiers and weapons than typical Cold War levels.

THE BOTTOM-UP REVIEW AND THE 1995 BUDGET

Last fall the DoD unveiled the Bottom-Up Review, its comprehensive attempt to identify the new threats to national security and the military forces necessary to meet them. The principal conclusion was that the U.S. needs to maintain the ability to fight and win, nearly simultaneously, two "major regional conflicts" (each comparable to the Gulf War). The Review determined that a force of 1.4 million active-duty personnel (currently between 1.7 and 1.6 million) would meet this requirement. The Army would be reduced from 14 active divisions to 10; the Air Force, from 16 fighter wings to 13; and the Navy, from 443 ships to 346.

The 1995 budget and five-year defense plan implement the Bottom-Up Review. The President plans to spend nearly $264 billion on defense in 1995 and $1.3 trillion over the next five years. Projected spending declines through 1997 but levels off in 1998 and 1999 as the base force is reached.

THE NEW DEBATE

The uncertainty of the current state of world politics makes any attempt to define the long term military needs of this country both difficult and controversial. We confront an unusual mix of hopeful and ominous developments. The emerging debate revolves around four broad issues and questions: 1) Requirements: What are the threats and necessary military forces to meet them? 2) Resources: Will our budgets provide enough resources to fully fund those forces? 3) Readiness: How can we best maintain forces that are ready to fight if necessary? 4) Reform: How can the Pentagon improve its methods of doing business? Congress will address these questions as it debates this year's defense budget.

REQUIREMENTS

The Bottom-Up Review has raised as many questions as it answered about the probable threats to our security and how to address them. Most controversial is the conclusion that the U.S. must maintain a force capable of fighting and winning two nearly simultaneous regional wars, without allied assistance. Both assumptions—two simultaneous wars and no allied support—are debatable. Critics argue that the planned force is excessive given the limited capabilities of potential enemies and the formidable capabilities of our allies. The U.S. and its allies (NATO members and Japan) currently account for about 70% of world military expenditures. We have the right to expect, and must insist on, reasonable contributions to world security from our allies.

RESOURCES

The administration argues that it has fully budgeted for its planned force structure, but that changes in inflation rates could change future funding needs. Some experts, however, dispute whether the armed forces will be fully budgeted in the last years of the five-year plan, even with low inflation. They argue that new procurement programs will begin to swell funding requirements beyond planned levels. One way to avoid funding shortages in future years is to cancel unnecessary defense programs. Advocates of this approach typically include such weapons as the Seawolf submarine, the CVN–76 aircraft carrier, and the F–22 fighter in that category.

READINESS

Readiness encompasses everything from weapons and training to pay and morale. The administration states that readiness is the highest priority in the defense budget. Critics argue that readiness has begun to deteriorate. All agree that, as far as weapons procurement, we have the best equipped armed forces today and for several years to come. Instead, those concerned about readiness cite what they see as emerging problems with maintenance backlogs, training schedules, and recruiting and retention trends. The main point of contention is whether the alleged signs of diminished readiness are real and indicative of long term problems or largely a product of the inevitable but temporary turbulence that accompanies rapid cuts and restructuring. Once the base force is reached and things settle down, we could discover that we have provided more than enough money for military readiness.

REFORM

The Clinton Pentagon is beginning a comprehensive reform of the Department's management and procurement practices. Reform is essential to our ability to maintain a strong and ready military with limited budgets. The major focus is on the military procurement process, where studies have shown that overhead expenses account for as much as 40% of procurement budgets (versus about 5 to 15% in the private sector). Several initiatives are in progress or under consideration. One is to have the services, where possible, jointly develop and build new weapons. Another is to maximize the use of commercial products. Too often regulations and unnecessary military specifications preclude purchase of off-the-shelf commercial products instead of specially produced military versions.

CONCLUSION

Everyone agrees that the new world, with all its problems, is a safer place for the U.S.

than was the Cold War. The Soviet threat has greatly diminished, and no Third World challenge threatens to replace it. I believe, however, we must proceed with caution in cutting our military for several reasons: we still live in a dangerous, unsettled world; we have many calls on our military forces to help around the world; we do not yet have a consensus on the threats we face or a strategy to meet these threats; and it simply takes time to reorganize our military establishment. I would not argue there should be no future cuts in defense spending, only that we assess carefully where we are and what demands will be placed on our world leadership.

REPRESENTATIVE SHAW HONORS STARR CURTIS

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. SHAW. Mr. Speaker, the Children's Home Society in Miami, FL, recently recognized Starr Curtis, a volunteer with their organization. Ms. Curtis, a student at North Miami Beach Senior High School, has assisted with the arrangement and delivery of hundreds of "love packages" to abused and abandoned children living at the Children's Home Society. Along with fellow members of the National Honor Society at her school, Ms. Curtis began delivering "love packages" to children last Easter. They have continued to bring packages to children on Halloween and other special occasions.

Starr Curtis is an extraordinarily caring individual. Her endeavors on behalf of others are an inspiration to those around her. The Children's Home Society, North Miami Beach Senior High School, and the entire community are fortunate to have such an excellent leader and volunteer.

PROJECT HOMESTEAD

HON. HOWARD COBLE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. COBLE. Mr. Speaker, I recently had the privilege to meet with representatives of Project Homestead, a nonprofit group located in Greensboro, NC. Born in the African-American community 2 years ago, Project Homestead has been one of Greensboro's strongest and most effective voices on behalf of home ownership and self-sufficiency among low-income families.

On April 4, 1994, Project Homestead will dedicate the Simkins-Smith Center, a base of operations for its family service and housing programs. The center also will house a pictorial gallery on Greensboro's historic 185-year-old African-American community.

On that day, Project Homestead also will announce several major new programs, including ambitious plans for the creation of a new neighborhood where, for many years, crime and urban decay had created neighborhood blight and family pain. Project Homestead is demonstrating its commitment to family development with this exciting project.

North Carolina's senior Senator JESSE HELMS recently wrote to Project Homestead on the occasion of its receiving North Carolina's housing award for 1993. "Your contributions in improving the lives of those within your community are truly remarkable," Senator Helms wrote. "You are a testament to the hard work and dedication that made America great."

Of course, I would be remiss if I did not make mention of Project Homestead's inspirational founder, 34-year-old Elder Michael King. Reverend King's vision and leadership in this labor of love have put Project Homestead at the fore of organizations which work to help low-income families help themselves.

On behalf of the citizens of the Sixth District of North Carolina, we send our best wishes for great success to Project Homestead as it dedicates the Simkins-Smith Center. We are all excited as Project Homestead fosters enablement and new housing opportunities for homeless families, families in crisis, families with special housing needs, and families in search of the American dream of home ownership and self-sufficiency.

TRIBUTE TO BARBARA ANDERSON

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. BROWN of California. Mr. Speaker, I rise today to pay tribute to Barbara Anderson, in honor of her 19 years of dedicated service to the San Bernardino County Library. On March 31, Ms. Anderson will retire after a distinguished career in the field of library science.

During her tenure as county librarian, which began in 1974, great strides have been made toward improving library service to residents of San Bernardino County. Seven new branches have been built and others expanded. The library's branch expansion and development total 95,700 square feet of additional library space. The county library has led the area in computer automation of libraries. Recognition by the National Association of Counties came through seven NACO awards, the most recent being the establishment of state-of-the art archives program. Under Ms. Anderson's leadership, the county library has been involved in the California and national literacy campaign.

Ms. Anderson has served the San Bernardino County Library in her role as director as well as through her involvement in local and national library organizations. She serves as advisory board member to the California Youth Authority Libraries, and San Bernardino Valley College Library Technician Program, member and past Chair of the Inland Library System Administrative Council, past president of the California Society of Librarians, delegate to the first White House Conference on Information Services, and as an advisory board member of the University of Southern California School of Library and Information Services. In addition to this remarkable list of activities, she participates as a member of various State library network planning groups, representing the San Bernardino County Library system.

Her outstanding dedication extends not only to her profession, but also to the community. Ms. Anderson is on the board of directors for the YMCA of San Bernardino, a member of the NAACP and the National Council of Negro Women, a member and past president of the American Association of University Women, Riverside Branch, a past member of the board of directors for the Inland Empire Symphony and the Riverside Mental Health Association. Ms. Anderson also serves in many capacities at her church.

In recognition of her achievements and service, Ms. Anderson has been the recipient of the San Bernardino League of Women Voters Citizen of Achievement Award, Honoree of the Art and Culture Club of Lake Elsinore and Blacks in Government by the Riverside City College.

Mr. Speaker, I ask my colleagues to join me today in giving special recognition to Ms. Anderson on the occasion of her retirement.

ICJ JUDGE FINDS GENOCIDE IN BOSNIA-HERZEGOVINA, CALLS ON SECURITY COUNCIL TO RECONSIDER ARMS EMBARGO

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. HOYER. Mr. Speaker, I would like to draw my colleagues' attention to an opinion written by the distinguished jurist, Judge Lauterpacht, who has joined the International Court of Justice to hear the on-going case of Bosnia-Herzegovina versus Serbia and Montenegro. Thus far, the court has issued two preliminary orders that, regrettably, have done little more than restate the obligations of the Genocide Convention. The separate opinion of Judge Lauterpacht, however, is notable both for the clarity of its views and for its significance for policymakers.

In particular, Judge Lauterpacht draws the following conclusions:

> In the light of the material available to the Court in April 1993 and which has accumulated further since then, it is impossible to deny either the occurrence or the massive scale of these crimes. The evidence also indicates plainly that, in particular, the forced migration of civilians, more commonly known as 'ethnic cleansing', is, in truth, part of a deliberate campaign by the Serbs to eliminate Muslim control of, and presence in, substantial parts of Bosnia-Herzegovina. Such being the case, "it is difficult to regard the Serbian acts as other than acts of genocide in that they clearly fall within categories (a), (b) and (c) of the definition of genocide quoted above" [from the Genocide Convention], they are clearly directed against an ethnical or religious group as such, and they are intended to destroy that group, if not in whole certainly in part, to the extent necessary to ensure that that group no longer occupies the parts of Bosnia-Herzegovina coveted by the Serbs. "The Respondent [Serbia and Montenegro] stands behind the Bosnian Serbs and it must, therefore, be seen as an accomplice to, if not an actual participant in, this genocidal behavior."

The importance of these conclusions is more than academic. It relates directly to the

request of Bosnia-Herzegovina to have the arms embargo lifted because it prevents Bosnia from exercising its right, under article 51 of the United Nations Charter, to self-defense. Moreover, Judge Lauterpacht suggests that the Security Council, when reconsidering the arms embargo in the future, should give specific consideration to the possibility that the arms embargo, by preserving a balance of weaponry that is favorable to the Serbs, may actually contribute to genocidal activity such as ethnic cleansing.

Mr. Speaker, we may be at a decisive juncture in this conflict that will make reconsideration of the arms embargo unnecessary. I would like nothing more. But experience suggests to me that this may not be the case. I have previously supported lifting the arms embargo for the simple reason that it wrongly denies Bosnia the right to self-defense that the U.N. Charter guarantees it. Judge Lauterpacht has presented yet another argument for the Security Council to renew its examination of the arms embargo against Bosnia-Herzegovina and, in my opinion, to lift it.

PROTECTING PORTLAND'S DRINKING WATER SUPPLY

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. WYDEN. Mr. Speaker, protecting the Bull Run watershed—the principal source of Portland's drinking water—is critical to preparing Oregon for the 21st century.

The Bull Run watershed now serves more than 20 water districts and 735,000 people in the Portland metropolitan area. By the year 2050, however, it will be the prime source of drinking water for over a million people. In future years, demand for this water, fueled by our population growth, can subject Oregonians to public health risks. Demand for Bull Run water is already starting to outstrip the supply.

Fortunately, our water is pure today. An independent scientific task force commissioner of public utilities, Mike Lindberg and I appointed in the mid-1980's said our water is chemically pretty close to rainfall. Our water is about as good as it gets.

Yet even the most modern water treatment system can break down. And when these systems fail, the results can be severe illness, even death, as was tragically demonstrated by what occurred in Milwaukee, WI, only last year.

With the additional demands from increased population, the day may not be far off when Portland has to begin using treated water from the Willamette or Columbia River to supply its residents—that is unless we take action now to ensure that the available sources of high quality drinking water are protected.

In addition, the independent scientific task force said that catastrophic fires in the Bull Run could have devastating impacts on our water. Logging activities can increase the risk of catastrophic forest fires. In fact, most of the fires in Bull Run since 1958 have been caused by logging activities.

Oregonians should not have to wait for disaster to occur before precautions are taken to reduce the risk. You do not play Russian roulette with water quality. You take bold action to make sure pure water is available for future generations.

There is another reason taxpayers should want to restrict logging in the Bull Run: If water quality becomes degraded by logging, the Federal Government will require the city to construct a new treatment/filtration system. The cost of these facilities, which Portland ratepayers would have to absorb, would be about $200 million.

Twice I have persuaded Congress that because of the quality of Portland's water, filtration was not required under the Safe Drinking Water Act. The prospect of continued logging in Bull Run would make it more likely that filtration would be required by Federal law.

For these reasons, I am introducing the Bull Run and Little Sandy Watershed Protection Act. I am joined in introducing this legislation by my friend and Portland colleague, Congresswoman ELIZABETH FURSE. This legislation is truly a collaborative effort not only involving the efforts of Representative FURSE and myself but also the leadership of Commissioner Lindberg, who oversees the Portland Water Bureau and has been at the forefront of the city's efforts to protect the Bull Run watershed.

Our legislation establishes the Bull Run watershed Protection Unit, a portion of the Mt. Hood National Forest that is permanently protected as a drinking water source. Timber activities would be limited in the Bull Run Protection Unit to the minimum necessary to construct additional water reservoirs or those that are the only effective method to protect water quality from catastrophic threat. New water quality standards are established to ensure that none of these activities has any long-term negative impact on water quality.

In addition to restricting logging, this legislation also restricts human access to the Bull Run and Little Sandy watersheds to persons performing activities to protect the forest and water resources. It also prohibits smoking and pesticide use, and restricts mining and geothermal activities and future hydroelectric development. The legislation also requires the Forest Service to develop a special fire management plan to address both human and naturally caused fires. Finally, the legislation provides mechanisms for monitoring compliance and enforcing the provisions of the act, including establishing a citizen advisory committee, imposing civil penalties, and allowing citizens to bring lawsuits against violators of the act.

I urge my colleagues to support this important public health and resource protection legislation.

TRIBUTE TO ESTELLE COOPER

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. ACKERMAN. Mr. Speaker, I rise today to join with the constituents of the Fifth Congressional District and the Queens Child Guidance Center in honoring Estelle Cooper, a most unique, dedicated, and giving individual.

After moving to the Borough of Queens in the early 1960's, Estelle quickly became a community activist. The area of community advocacy soon became her field of operation as she served as president of the boroughwide Queens Tenants Association. Estelle made political history in 1968 when she became the first woman from Queens to win a nomination to run for the New York State Senate. Her talents also extended into the private sector and she served as vice president of the United Buying Service.

Estelle has gone on to create a model of what we can call selfless community service. The Queens Red Cross, the Botanical Gardens, and Vision Services to the Blind represent a few of the groups who have benefited from her involvement. In addition, Estelle has developed a reputation of being an unofficial ombudsman for the community. All who know her are aware of her ability to help others.

Her professional life has not deprived her of a personal life. She and her husband Adrian have two children who have blessed them with three grandchildren.

Mr. Speaker, in an age where we look for heroes and people willing to take up the cause of a better society, I am most proud to ask my colleagues to join me in honoring Estelle Cooper.

TRAGEDIES OF CHILD ABUSE

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. SOLOMON. Mr. Speaker, I rise to support raising awareness of the tragedies of child abuse. This problem remains a terrible scourge on our society and Congress must rise to the task and recognize it as such.

As a parent of three sons and two daughters, I understand the pressures and demands which raising children from infancy to adulthood places upon parents. We are called to raise our sons and daughters to be responsible members of society. To do that, it's proper that we use constructive criticism and appropriate discipline to help correct our children when they make mistakes and to encourage them to keep on the right path.

However, appropriate discipline is one thing; child abuse is something else. It outrages me to hear stories of parents who treat their children as lightning rods for their frustration and anger. This misconduct unconscionably harms the child and serves no good purpose. It never constructs life; it destructs it. For that reason, child abuse must be discouraged and, in appropriate cases, punished.

Recently, I received a recording of a song by Jessica Layton, a young lady from my congressional district in upstate New York. I must say that her special talent and the important message she conveyed moved me greatly. If only every parent could listen to her message the next time their nerves get a little frayed or their tempers get a little hot. I think you will agree that hearing Jessica's song would make them stop and think twice before they abused their children.

After listening to the song, I would encourage you to support House Joint Resolution 68, a joint resolution sponsored by our colleague

RON COLEMAN which would designate April 1994 as "National Child Abuse Prevention Month."

I'M JUST A LITTLE KID

(Music by Cici Hunt, lyrics by Wes Caswell, Cici Hunt, and Hayley Hunt)

You hurt me when you hit me.
I just don't understand.
Sometimes you say you love me
With hugs and kisses,
And then suddenly you're angry
What was it that I did?
I'm afraid, please don't hit me.
I'm just a little kid.
You hurt me when you hit me.
I really want to cry.
I hold my tears inside me,
And then I wonder why.
Don't you love me anymore?
What was it that I did?
I'm afraid, please don't hit me.
I'm just a little kid.
I know I make you angry,
But what do you expect.
I'm just a little kid,
And God's not finished with me yet.
So love me, don't hit me.
Tell me what you need.
Talk to me, I'll listen.
All I ask is, please,
Can't we find another way?
We'll be glad we did.
Love me, love me.
I'm just your little kid.
(Copyright 1992)

VICE PRESIDENT HONORS NEW YORK VA BENEFITS OFFICE

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. MONTGOMERY. Mr. Speaker, on March 11, Vice President AL GORE presented the first National Performance Review Hammer Award to the New York City regional benefits office of the Department of Veterans Affairs in recognition of its commitment to improved Government service.

I know my colleagues will join with me in congratulating and commending Joe Thompson and the staff of the New York City regional office for their initiative, dedication and hard work. They bring great credit to VA and to the Federal Government through their achievements, which can serve as a model for other offices both within VA and in other Government agencies.

What this office did was streamline, or reinvent, the procedure for adjudicating veterans' claims for benefits through a team concept approach. Instead of an assembly line process, whereby an individual performs a single task and passes the paperwork along, team members assume broader responsibilities and increased personal interest in each case. In other words, a veteran works with the same people from start to finish. This has several results: First, a veteran receives a timely decision of greater quality; second, there is improved customer—veteran—satisfaction; and third, employee morale and sense of mission is enhanced.

This innovative process, which is still being developed, is now being applied to approximately one-half of the claims filed by veterans through the New York VA regional benefits office. It should be noted that other VA offices have established pilot efforts to improve efficiency.

I would like to share with my colleagues the following Washington Post account of the award ceremony:

GORE PUTS THE HAMMER DOWN

(By Stephen Barr)

There have been some great moments in "reinventing government"—the forklift on the White House South Lawn loaded with documents wrapped in red tape, the vice president smashing a glass ashtray built to government specifications, the wheelbarrow full of redundant personnel regulations and the streamlined fish ladder.

Now, there's a hammer—Vice President Gore's award to honor successful reinventions across the government.

The first National Performance Review Hammer Award, presented by Gore on Friday, went to the Veterans Affairs New York City regional office for improving services to veterans.

"You've heard the old song, 'If I had a hammer,'" Gore began. "You also heard, as I have over the years, about the legendary $600 hammers that the government buys, and you may also have seen the hammer that I used to break the ashtry on the David Letterman show.

"We decided that the very first $6 Hammer Award should be presented to the New York Veterans Affairs regional office. Thanks for building a government that works better and costs less."

The crowd broke into applause as Gore handed the hammer to members of the New York staff, led by regional director Joseph Thompson, an Air Force veteran.

Gore told the crowd he would present other hammers this year as he begins a second tour of departments and agencies to celebrate reinvention success stories. He devoted his first stop Friday to the importance of customer service.

Taxpayers deserve service equal to or better than that provided by the best private companies, Gore said, noting that President Clinton last year issued an executive order directing agencies to set customer service standards.

The order also asked agencies to survey their customers to determine their satisfaction with existing services, to post service standards and measure results against them and to provide the means to address customer complaints.

Gore said the Internal Revenue Service, the U.S. Postal Service and the Social Security Administration have undertaken projects aimed at improving the products and services they provide citizens.

Referring to Clinton's executive order, Gore said, "In the past we have designed programs and systems to satisfy bosses, now the boss is telling us to design programs and systems that satisfy the customer. That is the critical difference."

Before presenting his award, Gore talked with Thompson, VA case manager Kelly Chicko and Leonard Davis, a Vietnam veteran who has received medical and education benefits from the VA.

The New York office, which administers benefits such as disability compensation, pensions, education and home loan guarantees, has revamped its claims processing. The 25 steps that once were spread among a dozen or more employes have been cut to eight. Teams now handle a veteran's case from beginning to end.

Davis said in the past he experienced "a lot of frustration" dealing with VA offices that could not answer his questions and could not tell him the status of his claims.

At the New York office, he said, "As soon as I called up, there was an immediate difference. . . . I've always dealt with the same person."

He added that "from my perspective . . . I had a very positive experience."

TRIBUTE TO NATHANIEL BENNETT

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. SABO. Mr. Speaker, I rise to recognize the efforts and achievements of an outstanding young man from my hometown of Minneapolis, MN. He is Nathaniel Bennett, a junior at South High School and the national winner of the Voice of Democracy broadcast scriptwriting contest. The contest, sponsored by the Veterans of Foreign Wars of the United States and its Ladies Auxiliary, encourages the youth of America to explore patriotism and study the history of our Nation. For his keen insight and his ability to express his Commitment to America, Nathaniel will receive a $20,000 scholarship from the VFW.

Winning this award was no easy task. Nathaniel competed with more than 138,000 students from more than 2,800 schools across the Nation to win the top honor. This accomplishment is a prime example of what our young people can achieve if given the resources and encouragement. His parents, Scott Bennett and Margy Stein, should be proud. They should be applauded, and the VFW should be recognized for its continuing devotion to America's youth.

Nathaniel's commitment to excellence is a model to which all young people should aspire. It is a pleasure to take time to honor this young man who is a first-rate citizen and a fine representative of our State.

I would now like to share with you Nathaniel's winning entry.

MY COMMITMENT TO AMERICA

(By Nathaniel Bennett)

All of us can think of a commitment that we've made to someone else, in marriages, in families, and with friends. Commitment means people pledging themselves, often to each other. My commitment to America is no different. It involves America and I pledging ourselves to each other. For America's part, I have been welcomed by my family, my community, a government that is of, by and for the people, and by a society that has made this country great. To make the relationship between my nation and myself work, I must make my own commitment.

I have always felt a commitment to America, but only recently thought about what that commitment really is, I have pledged allegiance to the flag and to the republic for which it stands, but never fully understood the meaning of allegiance. I studied the Constitution, and discovered that it explains what the government can and cannot do, and gives the people certain rights, but nowhere in the Constitution does it mention a legal commitment. To understand my commitment to this country, I had to look deeper than the letter of the law. I had to look at

the moral principles that America is based on, such as freedom of expression, toleration of differences, and belief in peaceful compromise. I had to realize that I, and every other American, must make a moral commitment to America.

As part of that commitment, it is important that I exercise my right to vote, my right to free speech, and my right to petition the government. Still, this is not enough. I must also contribute to society in my own, individual way. America is not only a political state, it is a society that was shaped by many people, in many ways.

Many of the greatest Americans were not involved in politics. If Mark Twain had been a career politician, we would not have his novel, *Tom Sawyer*, and we would not know how fun and profitable it can be to whitewash a fence. If Alexander Graham Bell had spent his life studying Constitutional law, we might still be communicating by Pony Express. If the father of the sky-scraper, Louis Sullivan, had been a Washington lobbyist, the world of architecture would be less interesting and a lot shorter. If Harriet Tubman had been a member of the Lincoln's cabinet, there would have been many slaves that never made it to freedom. The point is not that these people weren't making political statements. Of course their lives reflected their political opinions. The point is that they contributed to society in their own way.

Right now, I am experimenting with a few ways to express my commitment to America. I'm no Ansel Adams, whose pictures inspire awe of our nation's natural beauty, but I do take photographs of my surroundings that express my commitment to America. One of my pictures is of a building with a billboard displaying the message, "Support our troops in Operation Desert Storm." Below the billboard, on the building are the words, "Troops Out" in black spray-paint. When I took the photograph, I thought of it as merely an ironic urban scene, super-imposing two messages into one image, but now it seems to me it is an example of the American forum. The maker of the billboard, the maker of the graffiti, and I, the maker of the photograph, all considering America's direction.

I'm not on a par with Bob Dylan, the American troubador, but I play the bass guitar and occasionally I write songs. One of them called "Indecision" describes an inner struggle. Two lines read, "I try to communicate. I do so with perseverence. But hypocrisy retaliates with its interference." The tunes and lyrics are simple, but the song reflects my occasional frustrations about life.

And what about this speech? I do not think the great American orator, Fredrick Douglas, will lose his place in history because of me, but I am using this speech to explore and explain my commitment to America. It made me think about how my photography and music reflect that commitment. Even now, as I recite, I gain more insight into who I am and what my commitment to America means.

I've discovered that I treasure the freedom of expression that allows me to contribute my music, my photography, and my opinions to American society. My whole generation and I experience this freedom because of many Americans before us; Americans who have given their ideas in political speeches, in songs, in stories, and in actions; Americans who have worked in factories and universities and grocery stores; Americans who have given their loyal services and even their lives, in the armed forces. In response to and in honor of those Americans, I contribute my ideas, my talents, and my life to America in order to make it better now and for generations to come. This is my commitment to America. It is the greatest commitment that I can make.

75TH ANNIVERSARY OF THE AMERICAN LEGION

HON. JACK QUINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. QUINN. Mr. Speaker, this week marks the 75th anniversary of the American Legion and I rise today to salute its founders and all members of this distinguished organization.

As a member of the House Committee on Veterans' Affairs and through my work back in my district in western New York, I have been fortunate to see the American Legion in action.

The American Legion is our Nation's largest veterans association and has been tireless in its mission—to make certain our Nation's veterans' needs are adequately provided for; to ensure that our service men and women's sacrifices and contributions are recognized; and to preserve patriotism.

Besides working hard for their fellow veterans, I believe what distinguishes the Legion is its members' strong commitment and investment in our Nation through community service—particularly with our youth.

Post-sponsored teams such as American Legion Baseball provide many kids with activities that help them learn the value of teamwork and old-fashioned fun. Programs like American Legion Boys State and Boys Nation help our young people develop civic leadership and pride.

The Legion supports the American Legion Child Welfare Foundation which awards millions of dollars in grants to youth projects such as Big Brothers and Big Sisters, the Association of Birth Defect Children, and the Reyes Syndrome Foundation.

Educational assistance programs, scholarship and financial aid information help students continue with their education. The Legion often cohosts with schools, civic groups and parent groups to sponsor programs on drug abuse resistance, indoor and outdoor safety tips, and so on.

Mr. Speaker, I am proud to mark the 75th anniversary of the founding of the American Legion. It is one of many tributes the Legion so well deserves. It is certain their service through a variety of programs will continue to benefit our veterans, their families, and other citizens of this Nation.

TOWING SAFETY ACT

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. STUDDS. Mr. Speaker, today I am introducing the Towing Safety Act, legislation that will greatly improve the safety of our tug and barge industry. The need for this legislation has been highlighted by two very serious accidents involving tugs and barges in the past 6 months. On September 22, 1993, the tug *Mauvilla* pushing six barges struck the Big Bayou Canot Bridge near Mobile, AL, knocking the bridge's railroad track 41 inches out of alignment. AMTRAK's Sunset Limited train derailed because of the misaligned track and 47 people were killed. On January 7, 1994, the barge *Morris J. Berman*, adrift after its towline broke, struck a coral reef off the coast of San Juan, PR, and spilled 600,000 gallons of oil, fouling pristine beaches and killing a variety of fish and wildlife.

While these two are the most infamous recent tug and barge accidents, they are not isolated instances. On January 19, 1994, a barge struck a bridge over the Bayou Bouef, in Louisiana, knocking its railroad tracks 6 inches out of alignment. Fortunately, the bridge tender notified AMTRAK, and the Sunset Limited train—the same one that crashed in September killing 47 people—was stopped 10 minutes away from the damaged bridge. On February 10, 1994, the tug *Edwin Bisso* struck the ferry *St. John* on the Mississippi River near New Orleans, injuring 12 people. The Interstate 55 Memphis-Arkansas Bridge was closed for 6 hours on February 21, 1994, after a tow boat pushing 45 barges lost power and struck the bridge. On February 24, 1994, the tug *John J.D.* capsized and sank in the Ohio River near Ashland, KY. Fortunately, the tug's crew was rescued from the water. And just last Friday, the barge *New Jersey* struck the west side of the Interstate 76 bridge in Philadelphia, spilling a portion of its 715,000 gallon fuel-oil cargo. A steering malfunction on the tug is thought to have caused the accident.

All of these accidents have one thing in common, they involve uninspected towing vessels. These vessels are immune from inspection by the U.S. Coast Guard, a fact that makes them unique among all other sectors of the maritime industry.

According to the Coast Guard's own report of December 6, 1993, entitled "Review of Marine Safety Issues Related to Uninspected Towing Vessels," there were 12,971 marine casualties involving uninspected towing vessels between 1980 and 1991—1,080 accidents per year or an average of nearly 3 each and every day.

The Coast Guard's study found that 59 percent of these accidents were directly related to personnel errors and 16 percent were attributable to equipment failures. This is not a safety record to be proud of. The legislation I am introducing today will impose requirements for towing vessel inspection, and tighten those for equipment, manning, and licensing, so that we may reduce accidents and provide greater safety for commercial traffic on our waterways and for the public traveling in and over these waterways.

The Towing Safety Act would make all towing vessels that push or pull inspected barges, regardless of size or where they operate, subject to Coast Guard inspection. The Coast Guard, or its designee, would inspect towing vessels at least once every 2 years to ensure that they carry appropriate safety and navigational equipment and are in compliance with applicable marine safety laws. Under current

law, only towing vessels over 300 gross tons that operate seaward of the Boundary Line—basically the shoreline—are inspected.

My bill creates a requirement that towing vessels carry: (1) radar; (2) electronic position-fixing equipment; (3) adequate communications equipment; (4) a sonic depth finder; (5) a compass or swing meter; (6) adequate towing equipment; and (7) up-to-date navigation charts and publications. The tug *Mauvilla* did not carry even this most basic navigation equipment. The Coast Guard is authorized to modify or add to this list of equipment if the needs of a particular area dictate.

The Towing Safety Act would require all towing vessels to be operated by licensed masters and mates and these officers would have to demonstrate their proficiency in operating the newly required equipment. In addition, license applicants will have to demonstrate their ship handling skills on a towing vessel or a towing vessel simulator. Under current law, an applicant for an uninspected towing vessel operator's license only has to pass a written test; an actual demonstration of ability to operate a vessel or its equipment is not required. To get a driver's license you have to demonstrate proficiency by actually driving a car; it only makes sense to require an operator of a towing vessel to demonstrate proficiency at driving a towboat. The bill also places a limit on the number of times an applicant can take a license exam.

The bill would increase the manning requirements of uninspected towing vessels in several ways. First, it requires everyone involved with the operation of a towing vessel to carry a merchant mariner's document. This requirement would allow the Coast Guard to remove a person who is incompetent or has a drug or alcohol problem from the industry by revoking his or her document. Second, the proposal would require towing vessel crews to consist of a minimum of 65 percent certified able seamen. To obtain this rating, a person must have worked in the towing industry for a minimum of 18 months. Third, all towing vessels, regardless of size, would be operated by a Coast Guard licensed master. Finally, towing vessels of 100 gross tons or more would have to carry from one to three licensed mates depending on the size of the vessel.

The Towing Safety Act is a comprehensive bill which addresses all aspects of towing safety, licensing, manning, equipment, and inspection. I look forward to working with the towing industry, the Coast Guard, and anyone else who shares my concern about the safety of our towing industry to achieve its enactment.

TRIBUTE TO DOUG BARNARD

HON. DON JOHNSON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. JOHNSON of Georgia. Mr. Speaker, I rise today to pay tribute to a former colleague of ours, Doug Barnard, and his lovely wife, Nopi, who passed away only weeks ago. Doug represented the 10th District of Georgia for 16 years. His record of service and dedication to the people of eastern and central Georgia has certainly set a high standard for me.

Doug Barnard served on the House Banking Committee and the Government Operations Committee, ultimately chairing the Commerce, Consumer and Monetary Affairs Subcommittee. From his position on these two committees, he was a pivotal player for over a decade in shaping banking policy. Doug was responsible for legislation to eliminate artificial caps on interest rates paid on consumer bank accounts and to pay interest on checking accounts. He rewrote legal standards for real estate appraisals that will protect financial institutions from future losses such as we witnessed in the savings and loan failures in the 1980's. And he introduced the first legislation to modernize the 1930's Glass-Steagall Act thereby enabling banks to offer a full range of services to their customers.

In 1982, Doug passed into law legislation for the minting of a 50-cent coin to mark the 250th anniversary of the birth of George Washington. This law represented the first time in modern history that profits from such a coin went to the Treasury rather than a private organization. The George Washington half dollar raised $80 million that were dedicated to deficit reduction. I tell you, there are a lot of people in Congress today who would jump at the opportunity to save $80 million.

Doug is not a man to rest on his laurels. In his final term in office, he worked tirelessly to authorize a series of coins commemorating the 1996 Atlanta Olympic Games. This money will help support our athletes in the Atlanta Games—an event I know will fill everyone in Georgia with pride.

But I don't want to leave you with the impression that Doug was only concerned with financial affairs. Under his chairmanship, his committee held hearings that led ultimately to increased safety regulations of all-terrain vehicles and limits on their sale to minors.

Mr. Speaker, in my opening paragraph I said that Doug represented the 10th District. I should have said that Doug and Nopi represented the 10th District.

The job of a congressional spouse is not an easy one, but it was one that Nopi carried off beautifully. In addition to raising children, paying bills, writing a regular column, and holding down a fulltime job at Augusta College, Nopi was often called on to stand in for Doug. I hear that some people preferred it that way. She gave speeches for him, attended receptions for him, and represented him at rallies. The 10th was truly blessed to have two representatives.

As a freshman trying to uphold the legacy of Doug Barnard's service to the 10th District, I have found his advice and counsel to be invaluable. On many occasions I have picked up the telephone and given him a call, or stopped by to see him when I was in his hometown of Augusta.

I am pleased to join his many friends and his family in celebrating his service and wishing him well in his life after Congress.

THE LAND OF OPPORTUNITY

HON. CHARLES H. TAYLOR

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. TAYLOR of North Carolina. Mr. Speaker, I rise today to address a problem of great importance to the people of this Nation. Increasingly, the world perceives the United States as a community chest of Federal benefits available for the taking instead of a land where success is achieved through hard work and perseverance. The liberal Federal entitlement policies of the past several decades directly caused this unfortunate view of America, and this body alone holds the ability to correct the misconception. Our country continues to grow and improve because of the diversity of cultures brought to it by a constant flow of immigrants. If we shut our borders completely, American culture would stagnate and eventually deteriorate. Unregulated immigration, on the other hand, creates a burden that even the strongest economies cannot support. We, therefore, must rethink our immigration policies to ensure that the perception of America as the "Land of Opportunity" means the opportunity for success through hard work and personal responsibility. To that end, I am introducing the Immigration Reform Act of 1994 and its companion amendment to the Constitution.

These bills attack our immigration problem in four ways. First, the Immigration Reform Act lifts the incredible burden criminal aliens place on our State and Federal criminal justice systems. On the Federal level alone, over 27 percent of inmates in prison are classified as "non-citizens." To feed, shelter, and clothe these convicts, it costs the American taxpayer over half a billion dollars a year. An abundance of legislation already exists that would provide for expedited deportation hearings in these cases. The Immigration Reform Act, however, mandates that immediately upon conviction of a felony, a criminal alien must be deported as part of his or her sentence. Since no court decision explicitly requires an administrative deportation hearing, the due process requirements can be satisfied by affording the alien an opportunity during trial to present evidence and testimony that he or she should not be deported. Recently, the 11th Circuit Federal Court of Appeals supported this procedure in its decision in United States versus Chukwura. The court held that a criminal trial and subsequent sentencing procedures satisfy the due process requirements for deportment. In many cases, however, the alien may avoid punishment if returned to his or her country of origin. The Attorney General can, in that situation, defer the deportation. Moreover, in order to attack this problem on the State level, a State attorney general may petition the U.S. Attorney General to deport criminal aliens in his or her State prison system. By eliminating the burden caused by criminal aliens, we alleviate prison overcrowding and save the American taxpayers a considerable sum of money.

Second, we must discourage the mass exodus of people crossing our borders coming to live off the hard work of taxpaying citizens and legal immigrants. The Immigration Reform Act

removes the incentives for aliens attempting to enter or remain in this country illegally by prohibiting them from receiving any type of direct Federal financial benefits. This legislation cuts off all unemployment benefits to aliens without a work permit. It stops all welfare payments and food stamps to illegal aliens. It prevents them from benefiting from the Social Security trust fund, and it limits federally funded emergency medical treatment to 30 days. Tighter border controls help, but until we eliminate the financial advantages of illegal immigration, the flood of people across our borders will continue unabated.

Third, we must implement more sensible regulations and procedures for those attempting to immigrate to our country. Currently, we provide for the exclusion of any immigrant infected with certain contagious diseases as determined by the Secretary of Health and Human Services; however, the Secretary may change this list at any time. This power provides the administration with a political tool rather than a means of protecting the American people from disease. The Immigration Reform Act prohibits all immigrants known to have gonorrhea, syphilis (infectious stage), infectious leprosy, HIV, and active tuberculosis from immigrating to the United States. Moreover, the current political asylum hearing process opens a wide door for anyone wishing to enter the country. Because they are allowed entrance while their hearings are pending, political asylum claimants are often in the country for years before their asylum hearings are held. This bill seals the door shut by requiring the INS to detain candidates until all hearings are complete, and it has been determined that they deserve political asylum.

Lastly, when the States ratified the 14th amendment on July 9, 1869, they failed to realize the long-term ramifications of extending citizenship to all persons born in the United States. Today, the lure of unrestricted citizenship and all the benefits that accompany it bring a deluge of illegal immigrants across the border to bear their children. Even if the border patrol returns the parents to their home country, they know their children will be supported for life through the American welfare system. This provision in the 14th amendment helped build America in the time of westward expansion and industrial growth. Now, however, it is more of a detriment than an advantage—especially in areas like southern California and Florida. My joint resolution, therefore, proposes that we change the 14th amendment to no longer extend citizenship to children born in the United States to illegal aliens. We are a nation of immigrants; therefore, the extension of citizenship to those persons born to legal immigrants in this country must be preserved. How can we justify granting the privileges of citizenship to those who choose to ignore our laws while piling restrictions and red tape on immigrants trying to become citizens through the proper channels? A constitutional amendment is not to be taken lightly, but in this situation, it provides the best solution to an expanding problem.

Finally, Mr. Speaker, until we completely restructure our perspective and our policies on immigration, the world will continue to view America as the land of the free ride and the home of the artful dodger. By enacting my immigration reform package, this Congress can effectively remove the incentives for illegal immigration, rid our streets and jails of criminal aliens, and protect our residents from harmful or fatal diseases. Moreover, this legislation accomplishes these goals without instituting xenophobic measures that would severely restrict or eliminate the legal immigration vitally necessary to the survival of this country and its unique culture. I sincerely hope that my colleagues possess the foresight to realize the importance of these proposals and take swift action to restore the proper perception of America as the "Land of Opportunity".

A BAD INVESTMENT? ONLY POLITICS? NO; WHITEWATER IS MUCH MORE

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. BEREUTER. Mr. Speaker, this Member commends to his colleagues the following editorial from the March 16, 1994, edition of the Omaha World-Herald.

[From the Omaha World-Herald, Mar. 16, 1994]

A BAD INVESTMENT? ONLY POLITICS? NO; WHITEWATER IS MUCH MORE

Hillary Rodham Clinton asks the public to believe that Whitewater is mostly about a bad investment that she and her husband made in the late 1970s. President Clinton contends the matter has been blown out of proportion by the press and by partisan Republicans.

But Americans can't afford to turn away from questions that Whitewater has raised. The questions go far beyond whether the Clintons made or lost money in their partnership with James and Susan McDougal. The Clintons' problem is the product of the apparently anything-goes ethical standards of a small Southern state capital—standards that were imposed on the executive branch of the federal government by the Clintons and the Arkansas associates and old friends they placed in positions of power.

The resignation Monday of Associate Attorney General Webster Hubbell creates a high-level vacancy in an executive department that had already suffered from Clinton's failure to make timely appointments. Hubbell was apparently a victim of allegations that followed him to Washington from Arkansas.

Hubbell, a former partner of Mrs. Clinton in the Rose Law Firm, said he is leaving the Justice Department to deal with accusations that he overbilled the Rose partners while a member of the firm. Rose lawyers are also upset with Hubbell because he ran up $500,000 in litigation costs for a brother-in-law who refused to pay.

Questions have also been raised about how Hubbell, as a Rose attorney, could have ethically represented the federal government's Resolution Trust Corp. in the failure of McDougal's Madison Guaranty Savings and Loan firm when Mrs. Clinton, also a Rose attorney, had previously been an attorney for Madison. Investigators are trying to learn whether Hubbell told the RTC, which is in charge of the government's S&L bailout, of the work that Rose had done for McDougal. They are trying to find out whether he told his client, the RTC, that members of his family had extensive dealings with Madison.

The administration handled Hubbell's exit with expressions of regret that bordered on dissembling. Clinton said he accepted the resignation with profound sadness. Attorney General Janet Reno praised Hubbell as a tireless crusader for justice. Hubbell said he came to the decision after a weekend of reflection about his obligations to his family. Others passed the word that the Clintons had not talked to him about resigning.P

But The New York Times reported that Mickey Kantor, the U.S. trade representative, "emerged as a broker in Hubbell's weekend discussions," holding conversations with Hubbell and with Thomas F. McClarty, the White House chief of staff. Finally Kantor told McClarty that Hubbell had decided to resign. McClarty told Clinton. Only then did the President telephone Hubbell.

The misguided spin attempt only made the administration appear more devious at a time when it badly needs credibility.

Another transplant from the Rose Law Firm, Vincent Foster, had been working on Whitewater documents the day he was found dead in a Washington-area park last July, an apparent suicide. The White House has yet to explain why Foster's boss, Bernard Nussbaum, sneaked the documents out of Foster's office before investigators were let in.

That's the same Bernard Nussbaum, an old friend of Mrs. Clinton, who was forced to resign this month for arranging Whitewater briefings at which White House staff members discussed information they weren't entitled to have. The information came from an RTC report indicating that the Clintons had benefited from the misuse of funds from Madison Guaranty. In effect, Nussbaum used the machinery of the federal government to help the Clintons deal with their legal problems.

Funds may have been channeled from Madison to Clinton's campaign treasury, the RTC investigators said. Questionable record-shredding may have taken place this year in Foster's former office in Little Rock and in the governor's mansion before the Clintons left for Washington.

David Hale, a former municipal judge who headed a Little Rock finance company, testified that he was twice pressured by Clinton, then governor, to channel a $300,000 Small Business Administration loan to a company controlled by Susan McDougal. Hale said the federally guaranteed loans he helped make to the friends of prominent politicians, including Clinton, made a mockery of the government's intent that the money be used to help black people who were trying to get started in business.

Documents suggest that Mrs. Clinton, as her husband's chief political adviser, sometimes crossed the line between professional and power broker when doing business with Arkansas officials who owed their jobs to her husband.

The possibility exists that the Clintons don't know about everything done by overprotective friends and associates to help the first family. But enough has come to light to suggest the existence of serious flaws in the moral compass that the Little Rock contingent carried with it to Washington. For the good of the country and the health of the government, the suspected flaws need to be examined, brought to light and corrected.

CUBA'S STRUGGLE FOR FREEDOM

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Ms. ROS-LEHTINEN. Mr. Speaker, on February 24, the Cuban people celebrated the 99th anniversary of the beginning of their war of independence.

For many years, Cuban patriots bravely fought against the Spanish colonists who denied them the freedom and rights inherent to all people.

The Cuban people today live under similar slave conditions, as they have been subjected for 34 years to one of the most cruel tyrannies the world has ever known.

Today, as yesterday, the Cuban people inside and outside the island continue to unrelentlessly fight for the restoration of a democratic government which protects human and civil rights, as Cuba's great patriot Jose Marti dreamed of.

I pay a tribute of respect and admiration to the Cuban people in their continuous struggle to liberate the island from the chains of repression that holds them hostage.

This week in Washington, many from my congressional district have come to show a vivid portrayal of the tragic dimensions of the human rights violations committed daily in Cuba.

I congratulate all who fight for Cuba's freedom.

TRIBUTE TO ROBERT LESLIE WHITT

HON. RICHARD H. BAKER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. BAKER of Louisiana. Mr. Speaker, I rise today to pay tribute to Robert Leslie Whitt for his life-long dedication and service to the county of Alexandria, LA. The city of Alexandria sets aside March 19 of this year as a day to honor Mr. Whitt for his 20 years of service as director of the Alexandria Zoo.

Mr. Whitt has been credited with establishing the Alexandria Zoo as one of 300 nationally accredited zoos in the country. Currently, he serves as the first and only director of the Alexandria Zoo, and has recently been recognized as one of 12 outstanding civil service workers in the State of Louisiana. He is the first Alexandria resident to receive this honor.

I commend Mr. Whitt for a job well done, and I sincerely admire his faithfulness and dedication to the Alexandria community and the State of Louisiana.

REEXAMINE USAIR—B.A. DEAL

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. GINGRICH. Mr. Speaker, trade tensions have our economic policies and priorities focused on Japan. But in the rush to deal with closed markets in one country, we must not allow ourselves to be blindsided by a protectionist threat from another.

The culprit in this case is not Japan, our venerable Asian economic rival, but the United Kingdom, one of our closest and largest European trading partners.

In the days to come, our Government may be forced to make trade policy decisions related to the United Kingdom no less serious than those we face in regard to Japan. Moreover, the outcome could well affect the credibility and success of future U.S. efforts to open markets around the world.

The clock is winding down to the March 17 decision on renewal and possible expansion of the alliance between British Airways and USAir. Our Government granted conditional, provisional approval of that relationship a year ago, on the assumption that it would encourage the United Kingdom to conclude a long-sought agreement offering freer, more open competition in international aviation.

Despite the best efforts of the U.S. Government, negotiations on a new aviation trade agreement have yielded little substantive progress. Over the course of five formal negotiating rounds and numerous other informal contacts, the United Kingdom has rejected United States calls for more competition and reciprocal access to international markets—the principle at the heart of our trade policy.

Instead, the United Kingdom has pursued policies intended to keep United States airlines at a clear disadvantage in their ability to serve the United Kingdom and beyond as its major carrier, British Airways, pursues unfettered access to the United States through the alliance with USAir.

That imbalance is no longer tolerable—not just in view of the disappointing record of the United States-United Kingdom negotiations over the last year, but in view of the challenges Japan and other countries pose to the United States commitment to free and fair trade.

The threat from the United Kingdom in aviation is no different from the one posed by Japan in cellular telephones or auto parts. As we work to open markets around the world, in some cases country by country, our incremental efforts cannot and must not be considered in isolation, but as part of a broad, coherent international trade strategy.

In each case, we should be clear, consistent, and resolute—mindful that other countries are watching to see how we respond, and will tailor their own strategies accordingly.

That defines the high stakes in the current showdown with the United Kingdom.

The United Kingdom wants universal access to the United States, the largest, most lucrative aviation market in the world, while keeping its own carriers comfortably shielded from United States competition in their protected home market.

If we are going to demand more open markets in one country, we must do no less in another. Taking tough action against market barriers in Japan while settling for them in the United Kingdom sets a double standard that undermines our overall trade policy efforts in the global arena. We should move on both fronts to send a clear signal of United States intent to seize every opportunity to create a more open, competitive marketplace for world trade.

INTRODUCING THE SAFE PUBLIC HOUSING ACT OF 1994

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. WYDEN. Mr. Speaker, today I rise to introduce the Safe Public Housing Act of 1994. Across America over 3 million of our citizens live in public housing projects and most live in fear. In too many public housing communities, the children cannot go safely outside to play, and the residents can't sit on their stoops to visit. At bedtime, the doors are bolted and the beds placed strategically far from windows that might be shattered by stray bullets.

The fact is that the rate of violent crime and drug offenses is far higher in public housing than in other neighborhoods. In a Rand Corporation report, researchers found that public housing often had between 2 and 6 times as much violent crime as surrounding neighborhoods.

No American deserves to live in this state of siege. Like most Americans, the majority of public housing residents are law-abiding citizens. They want a safer community, and they deserve one. Several years ago, residents of Columbia Villa, a troubled public housing development in Portland, OR, approached my staff about what might be done to control gun violence in their community. Other public housing communities across the country have also wrestled with this problem, and this is why Congressman JOHN LEWIS and I have worked with public housing residents from across the country to fashion a new approach for increasing safety.

Our approach is straightforward: Empower residents to reduce gun violence in their communities. Give residents the power to take back control of their lives, and get out from under the scourge of gun violence and crime. Give residents the right to make their community gun-free, and keep non-resident criminals from terrorizing communities. Give residents the opportunity to secure the most basic civil right—safety in their community. Give the children in these communities the right to have a full life.

Under our proposal, residents could petition the housing authority to hold a referendum on banning and restricting guns. The housing authority would be required to hold a vote on either banning guns completely or requiring gun or gun owner registration. If the vote passes, then the gun ban will be triggered in the resident's lease after 30 days and a violation will cause the lease to be terminated.

After a vote for a gun ban or restriction provision, all non-residents will be banned from bringing firearms onto the premises of a public housing project. The penalty for a non-resident violation of the ban would be up to 5 years in prison or a fine of up to $5,000. Too often it is the nonresidents who prey on the residents and bring violence into the public housing communities.

Additionally, resources needed to enforce a gun ban—such as metal detectors and gun lockers—will be made an eligible expense under the Drug Elimination Program.

Some have inquired as to whether such a measure is constitutional. The evidence clearly indicates that it is. In Richmond, VA, and in Portland, ME, Federal and State courts have upheld gun bans imposed by the management. According to the American Law Division of the Congressional Research Service, since public housing developments receive substantial funding from the Federal Government and given the scope of the commerce clause to regulate items carried interstate, the Federal Government has a sufficient jurisdiction to regulate guns in public housing.

Even though gun bans in public housing are constitutional, without our proposed law a State or local government could pass a law overriding gun restrictions imposed in public housing. This has already been attempted in Virginia. This legislation would preempt such State and local laws.

Finally, we have been asked "What about residents who are trying to control their own destiny by keeping guns for their own safety?"

I believe this was best answered by a Lieutenant with the Portland police in my hometown. Lt. John Hren with the neighborhood response team at Iris Court in Portland, OR, said, "That's an issue the residents have to face when they choose to vote. The question is, do they want to give up their right to have that protection in exchange for the law that says anyone in the complex with a gun is subject to arrest." I urge my colleagues to support this bill and to give residents of public housing some choices on how to rid their communities of gun violence.

PARISHIONERS OF ST. MARY CHURCH CELEBRATE SESQUICENTENNIAL

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. SHUSTER. Mr. Speaker, I rise today to join in the celebration of the sesquicentennial year of the founding of St. Mary Church in Hollidaysburg, PA. This wonderful event will be formally celebrated at a Mass of Thanksgiving on Saturday, March 19 at 5 p.m. The Most Reverend Bishop Joseph V. Adamec, D.D., S.J.L. will be the principal celebrant at this special Mass.

It's been 150 years since the parish was founded in 1844, and since that time, generations of parishioners have been born, lived, and passed on within the arms of the church.

A century and a half is a long time for any institution, but in the life of the church, it is only a brief moment. Brief as that moment has been, this parish has meant an enormous amount to thousands of people over the years. Since 1844, generations of children have learned the basic values and morals that enabled them to live full, productive lives at contribute to the extraordinary quality of life that we enjoy in Pennsylvania.

Mr. Speaker, I would ask that all of my colleagues in this chamber join me in expressing our congratulations to the parishioners of St. Mary Church and in wishing them all the best for the next 150 years.

IN APPRECIATION OF JEREMIAH WADSWORTH'S SERVICE TO THE PEOPLE OF CONNECTICUT AND THE U.S. DEPARTMENT OF AGRICULTURE'S AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mrs. JOHNSON of Connecticut. Mr. Speaker, it is with great pride and respect that I rise to pay tribute to Connecticut's recently retired District Director of the U.S. Department of Agriculture's Agricultural Stabilization and Conservation Service [USDA–ASCS], Mr. Jeremiah Wadsworth. Mr. Wadsworth's commitment to enhancing the knowledge of the farming community, combined with his involvement in the implementation of programs like the Federal Disaster Assistance Program deserve recognition.

Mr. Wadsworth first served as Connecticut's USDA–ASCS State executive director in Hartford from August 19, 1973 through August 20, 1977. He was then transferred to the USDA–ASCS Headquarters in Washington, DC, where he served in the Environmental Quality and Land Use Division from August 21, 1977, to October 29, 1983. On October 30, 1983, Mr. Wadsworth returned to his home State of Connecticut where he continued to serve until his retirement as USDA–ASCS District Director on February 24, 1994.

The former mayor of Farmington, CT and chairman of the Farmington Town Council from 1967 to 1973, Mr. Wadsworth is credited with having provided continual guidance to the Connecticut ASCS County Committee System, a local farmer-elected committee system with regional implementation responsibilities for Federal farm programs in Connecticut's eight counties. In addition, Wadsworth served on the FarmCity Week Committee, designed to bring greater agricultural awareness and knowledge to more urban, nonfarm communities. A graduate of the University of Connecticut's School of Agriculture, Wadsworth has been an active participant in numerous conservation organizations including the Connecticut Milk Producers Association, the Consolidated Milk Producers Association, Yankee Milk, Inc., Eastern Artificial Insemination Cooperative and the Hartford County Farm Bureau.

On March 16, Jeremiah Wadsworth will celebrate his retirement after 21 years of service with the USDA–ASCS. It is my wish as well as that of the many others who have had the good fortune of working with him, that he be honored for his commitment to Connecticut agriculture and to the future of the American farmer.

A FALSE WHITEWATER CLAIM

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 16, 1994

Mr. FRANK of Massachusetts. Mr. Speaker, the willingness of both press and politicians to speak ill of others unfortunately far exceeds not only their willingness to defend those who are entitled to defense, but often their respect for basic accuracy. Too many people in both lines of work are unwilling to let the facts stand in the way of a good juicy accusation. One very conspicuous exception to this unfortunate tendency is Thomas Oliphant of the Boston Globe. In the Sunday, March 13 edition of the Boston Globe, he examines—and effectively refutes—the accusation that Deputy Treasury Secretary Roger Altman has been guilty of some grave misdeed. Mr. Altman is an able, dedicated, and honest person, whose work at the Treasury has been first rate, and he has functioned very effectively as a Deputy to Treasury Secretary Bentsen. Faced with a very difficult and unprecedented situation, he made a slight mistake a month ago by providing entirely innocuous information about RTC procedures to people in the White House. It was a mistake because he should have been able to anticipate how it would have been perceived, but it betrayed no trust, interfered with no investigation, and did no actual damage whatsoever.

Thomas Oliphant's column does a very good job of explaining exactly what Mr. Altman did and why there is no basis whatsoever for the hysterical attacks on him that are motivated by partisanship and/or a general journalistic blood lust. I ask that Mr. Oliphant's column be printed here, noting that I have had to make some deletions in that column because of the House rule which says that debates and records in the House may be intensely critical of any institution or people anywhere in the world with the exception of the United States Senate and its Members.

[From the Boston Globe, Mar. 13, 1994]

A FALSE WHITEWATER CLAIM

(By Thomas Oliphant)

The case on behalf of congressional Whitewater rafting rests on the claim that it was at a hearing on Feb. 24 that new, shocking, shattering information was revealed through the questions of senators who can be expected to do much more of the same if full-scale hearings were held.

The claim is as bogus as bogus gets.

The claim rests in large part on the attempted defamation of an honorable, honest man—Roger Altman, the deputy treasury secretary. It also rests on a deliberate distortion as well as lazy misreporting of his testimony that day. These are weak reeds for the scandal-mongers and frenzied feeders, as we shall shortly see.

The truth is that the Feb. 24 hearing of the Senate Banking Committee puts on display precisely what stinks about this mess. To wit:

Congressional manipulation of Whitewater for partisan purposes.

A chronic inability of the scandal-crazed press to handle and pursue information in a mature, thorough manner.

A set of facts that show precisely the opposite of what they have been purported to show.

The irony is that the truth about Feb. 24 and what it really means demonstrates not just why the professional probity of Robert Fiske's inquiry is where the public should look for both information and a just result; it also demonstrates the golden opportunity that wretched excess has presented the regrouping, full-disclosing Clinton White House.

The double irony is that just as issue-desperate Republican partisans are whining because they got what they wanted in the first place (an independent counsel), they are now in an exposed position to get what they say they want next (media questioning of the president, and especially Hillary Rodham Clinton, plus a hearing on the subject raised on Feb. 24). Somewhere, I suspect, someone in the White House is uttering a famous Clint Eastwood entreaty.

The standard, boilerplate and false media and Republican summary of Altman's testimony is that he revealed "secret contact" between senior White House officials and himself in his capacity as acting ahead of the S&L-cleansing Resolution Trust Corp. relating to the famous, failed Madison Guaranty S&L of Arkansas.

In fact and in ominous implication, this summary is false.

What happened is that in January Altman got pressure from Republicans to make sure that the statute of limitations on possible RTC civil claims arising from Madison's collapse was extended. At D'Amato's request, Altman explained to his staff how the RTC's procedures work for filing claims, not doing so, or extending the period for consideration of the issue. He was careful not to get into a specific discussion of Madison case information with the Republicans; in any event, he had none, and in fact never has.

Having given this procedural information to Republicans—for the cost of a phone call, reporters could also get it—Altman decided to make sure White House officials understood it also.

The result was the meeting on Feb. 2. Before attending it, Altman checked with the Treasury's ethics officer—a Bush administration appointee. The reason no red flag was dropped was the sensible one that since procedural, general information—as opposed to inside, specific information—was the subject, there was nothing even questionable, and much that was laudable, about Altman's intentions. Following the session, there were a couple of incidental contacts dealing with the same, generic, procedural facts.

That's it. From both Altman's testimony and a follow-up submission to the Banking Committee, as well as old-fashioned reporting, there are no other facts indicating anything else.

Perhaps one should expect partisans to try making hay out of sawdust. What is sad is to see the press so blatantly mischaracterize facts knowable since Feb. 24 under the competitive pressures of a feeding frenzy.

Fortunately, Fiske and the grand jury are collecting facts under oath. In a few weeks, those in politics and journalism who have defamed this guy will have some explaining to do.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, March 17, 1994, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MARCH 18

9:30 a.m.
Armed Services
Defense Technology, Acquisition, and Industrial Base Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1995 for the Department of Defense and the future years defense program, focusing on manufacturing technology programs of the Department of Defense and the Department of Commerce.
SR-222

10:00 a.m.
Foreign Relations
To hold hearings on the nominations of Ryan Clark Crocker, of Washington, to be Ambassador to the State of Kuwait, David M. Ransom, of the District of Columbia, to be Ambassador to the State of Bahrain, and Edward S. Walker Jr., of Maryland, to be Ambassador to the Arab Republic of Egypt.
SD-419

Labor and Human Resources
To resume hearings on S. 1513, authorizing funds for programs of the Elementary and Secondary Education Act of 1965, focusing on education programs for disadvantaged children and youth.
SD-430

10:30 a.m.
Judiciary
Technology and the Law Subcommittee
To hold joint hearings with the House Committee on the Judiciary's Subcommittee on Civil and Constitutional Rights to examine digital telephony and law enforcement access to advanced telecommunication technologies and services.
SD-226

MARCH 22

9:30 a.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Education.
SD-138

Governmental Affairs
Federal Services, Post Office, and Civil Service Subcommittee
To hold hearings on assuring safe and adequate weapons for U.S. troops through operational testing.
SD-342

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on manpower and personnel programs.
SD-116

Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for foreign assistance programs, focusing on the U.S. role in the multilateral development banks.
SD-106

Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Commerce.
S-146, Capitol

Finance
Business meeting, to mark up S. 1231, to provide for simplified collection of employment taxes on domestic services.
SD-215

Labor and Human Resources
To hold hearings to examine aspects of reforming the Occupational Safety and Health Act.
SD-430

MARCH 23

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Indian Affairs
To hold hearings on S. 1021, to assure religious freedom to Native Americans.
SR-485

10:00 a.m.
Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Office of the Attorney General.
SR-253

Foreign Relations
To hold hearings to examine United States policy toward Russia.
SD-419

Labor and Human Resources
To hold hearings on proposed legislation to authorize funds for the National Science Foundation.
SD-430

2:00 p.m.
Appropriations
Interior Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Forest Service, Department of Agriculture.
SD-138

Energy and Natural Resources
Public Lands, National Parks and Forests Subcommittee
To hold hearings on S. 1270, to establish the Cache La Poudre River National Water Heritage Area in Colorado, S. 1324, to exchange certain lands of the Columbia Basin Federal reclamation project, Washington, S. 1402, to convey a certain parcel of public land to the county of Twin Falls, Idaho, for use as a landfill, S. 1703, to expand the boundaries of the Piscataway National Park, and H.R. 194, to withdraw and reserve certain public lands and minerals with-

in the State of Colorado for military uses.
SD-366

2:30 p.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on competition in the U.S. biotechnology industry.
SR-253

MARCH 24

9:00 a.m.
Office of Technology Assessment
Board meeting, to consider pending business.
EF-100, Capitol

9:30 a.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Labor.
SD-138

Energy and Natural Resources
To hold hearings to examine the effect of the Administration's Superfund reauthorization proposals on the Department of Energy's Environmental Restoration and Waste Management Program.
SD-366

Veterans' Affairs
To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the AMVETS, American Ex-Prisoners of War, Vietnam Veterans of America, Veterans of World War I, Association of the U.S. Army, The Retired Officers Association, and the Military Order of the Purple Heart.
345 Cannon Building

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for National Guard and Reserve programs, focusing on manpower and equipment requirements and the restructuring of brigades.
SD-116

Appropriations
VA, HUD, and Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Federal Emergency Management Agency.
SD-124

Governmental Affairs
Federal Services, Post Office, and Civil Service Subcommittee
To hold hearings to review the Annual Report of the Post Master General.
SD-342

2:00 p.m.
Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Federal Railroad Administration, Department of Transportation, and the National Railroad Passenger Corporation (AMTRAK).
SD-138

Armed Services
Military Readiness and Infrastructure Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1995 for the Department of Defense and the future years defense program, focusing on the operation and maintenance accounts and on the defense business operations fund.
SR-232A

2:30 p.m.
Veterans' Affairs
To hold hearings on pending veterans legislation.
SR-418

MARCH 25

10:00 a.m.
Appropriations
Treasury, Postal Service, General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Office of Management and Budget, and the Executive Office of the President.
SD-116

Indian Affairs
To hold hearings on headstart programs serving Native Americans.
SR-485

APRIL 11

2:00 p.m.
Appropriations
Agriculture, Rural Development, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for Marketing and Inspection Services, Animal and Plant Health Inspection Service, Food Safety and Inspection Service, and Agricultural Marketing Service, all of the Department of Agriculture.
SD-138

APRIL 12

10:00 a.m.
Appropriations
Defense Subcommittee
To hold closed hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on classified programs.
S-407, Capitol

Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the National Oceanic and Atmospheric Administration, Department of Commerce.
S-146, Capitol

APRIL 13

9:30 a.m.
Indian Affairs
To hold hearings on the President's proposed budget request for fiscal year 1995 for the Bureau of Indian Affairs.
SR-485

10:00 a.m.
Appropriations
Interior Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Energy, focusing on fossil energy and clean coal programs.
SD-116

Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the United States Coast Guard, Department of Transportation.
SD-138

Appropriations
Treasury, Postal Service, General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the United States Postal Service.
SD-192

Veterans' Affairs
To hold oversight hearings on dangerous exposures in the Persian Gulf War.
SH-216

APRIL 14

9:30 a.m.
Energy and Natural Resources
To hold hearings on the operating and economic environment of the domestic natural gas and oil industry.
SD-366

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on health services and infrastructure.
SD-192

Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Federal Bureau of Investigation, and the Drug Enforcement Administration, both of the Department of Justice.
S-146, Capitol

3:00 p.m.
Agriculture, Nutrition, and Forestry
Agricultural Research, Conservation, Forestry and General Legislation Subcommittee
To hold hearings on issues relating to ecosystem management.
SR-332

APRIL 18

2:00 p.m.
Appropriations
Agriculture, Rural Development, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for Science and Education, Agricultural Research Service, Cooperative State Research Service, Extension Service, and Alternative Agricultural Research and Commercialization, all of the Department of Agriculture.
SD-138

APRIL 19

9:30 a.m.
Rules and Administration
To resume hearings on S. 1824, to improve the operations of the legislative branch of the Federal Branch, focusing on Subtitle A, Parts I and II of Title III, relating to Congressional biennial budgeting and additional budget process changes.
SR-301

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on strategic programs.
SD-192

2:30 p.m.
Veterans' Affairs
To hold hearings to examine proposals to finance veterans health care reform.
SR-418

APRIL 20

9:30 a.m.
Indian Affairs
To hold oversight hearings on the regulation of Indian gaming.
SR-485

10:00 a.m.
Appropriations
Treasury, Postal Service, General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of the Treasury.
SD-116

APRIL 21

10:00 a.m.
Appropriations
Defense Subcommittee
To hold closed hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on intelligence programs.
S-407, Capitol

Appropriations
VA, HUD, and Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Housing and Urban Development.
SD-106

Appropriations
Interior Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the United States Fish and Wildlife Service, Department of the Interior.
S-128, Capitol

Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Securities and Exchange Commission, and the Federal Communications Commission.
S-146, Capitol

Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Federal Aviation Administration, Department of Transportation.
SD-138

APRIL 25

2:00 p.m.
Appropriations
Agriculture, Rural Development, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for International Affairs and Commodity Programs, Natural Resources and Environment, Agricultural Stabilization and Conservation Service, Foreign Agriculture Service, Soil Conservation Service, and Federal Crop Insurance Corporation, all of the Department of Agriculture.
SD-138

APRIL 26

10:00 a.m.
Appropriations
Defense Subcommittee
To hold closed hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on National Foreign Intelligence Programs (NFIP) and Tactical Intelligence and Related Activities (TIARA).
S-407, Capitol

Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Office of Justice Programs, and the Immigration and Naturalization Service, both of the Department of Justice.
S-146, Capitol

APRIL 27

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Federal Transit Administration, Department of Transportation, and the Washington Metro Transit Authority.
SD-138

APRIL 28

9:30 a.m.
Rules and Administration
To resume hearings on S. 1824, to improve the operations of the legislative branch of the Federal Branch, focusing on Subtitle A, Parts I and II of Title III, relating to Congressional biennial budgeting and additional budget process changes.
SR-301

10:00 a.m.
Appropriations
VA, HUD, and Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Environmental Protection Agency, and the Council on Environmental Quality.
SD-106

Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the United States Information Agency.
S-146, Capitol

2:30 p.m.
Appropriations
Interior Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Bureau of Indian Affairs, Department of the Interior.
SD-116

MAY 3

9:30 a.m.
Energy and Natural Resources
To hold hearings on Boron-Neutron Cancer Therapy.
SD-366

10:00 a.m.
Appropriations
Agriculture, Rural Development, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for Food and Consumer Services, Food and Nutrition Service, and Human Nutrition Information Service, all of the Department of Agriculture.
SD-138

Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on defense conversion programs.
SD-192

MAY 5

10:00 a.m.
Appropriations
Commerce, Justice, State, and Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Legal Services Corporation.
S-146, Capitol

Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the National Transportation Safety Board, and the National Highway Traffic Safety Administration, Department of Transportation.
SD-138

MAY 10

10:00 a.m.
Appropriations
Agriculture, Rural Development, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Commodity Futures Trading Commission, the Farm Credit Administration, and the Food and Drug Administration, Department of Health and Human Services.
SD-138

MAY 11

10:00 a.m.
Appropriations
Interior Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the National Park Service, Department of the Interior.
S-128, Capitol

MAY 12

10:00 a.m.
Appropriations
VA, HUD, and Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Corporation for National and Community Service.
SD-106

MAY 17

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense, focusing on the Pacific Rim, NATO, and peacekeeping programs.
SD-192

MAY 19

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Defense.
SD-192

Appropriations
VA, HUD, and Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Veteran's Affairs, and the Selective Service System.
SD-106

MAY 20

9:00 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1995 for the Departments of Veteran's Affairs and Housing and Urban Development, and independent agencies.

SD–138

MAY 25

10:00 a.m.

Appropriations

Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of the Interior.

S–128, Capitol

MAY 26

10:00 a.m.

Appropriations

VA, HUD, and Independent Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1995 for the National Aeronautics and Space Administration.

SD–106

JUNE 8

10:00 a.m.

Appropriations

Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1995 for the Department of Energy.

S–128, Capitol

JULY 19

10:00 a.m.

Appropriations

Defense Subcommittee

Business meeting, to mark up proposed legislation authorizing funds for fiscal year 1995 for the Department of Defense.

SD–192

POSTPONEMENTS

MARCH 22

9:30 a.m.

Indian Affairs

To hold oversight hearings on water and sanitation issues in rural Alaska.

SR–485

MARCH 23

2:30 p.m.

Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To hold hearings to examine science and technology policy issues.

SR–253