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President B. Conable Liaison Files  
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U.S. House of Representatives, May 86 - Jan. 88  
vol. 1 of 2

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Liaison Files: U.S. Government - U.S. House of Representatives - Correspondence 01



To - B.C.

From JWS

VIA - JOE WOOD

BRIEFING NOTE FOR MEETING WITH CONGRESSMAN LUNDINE

Key Points

Lundine's letter of July 18th bemoans the failure of the Reagan Administration "to go beyond the rhetoric of the Baker initiative and undertake real action." He has two specific suggestions that relate to the World Bank:

- (a) timing of the GCI. He would combine IDA-8 and the GCI and put them both to Congress in 1987.
- (b) pursuing some aspects of the Bradley proposals. Lundine urges that serious consideration be given to the "creation of new voluntary instruments, issued by the World Bank... which would replace some portion of the existing commercial debt." He also sees a role for the Bank in seeing that "there is real coordination of regulatory policies among industrial countries if new instruments or other creative approaches are to be workable."

On the issue of timing of the GCI, Lundine's concerns about the difficulty of getting approval of a GCI in a presidential election year are well taken. However, the present moment (with the IDA-8 negotiations in the "home stretch") is not the time to seek a change in Administration strategy. Better to wait until after the Annual Meeting, when IDA-8 is done and you have a clearer view of the scale of lending that can be done in Mexico, Nigeria, Philippines, etc. If the conditions then justify moving ahead promptly with the GCI, you can say that you would be quite prepared to advocate a change in the Administration's approach--along the lines suggested by Lundine.

On the issue of relieving the debt burden through new instruments (or regulatory relief to facilitate concessional rescheduling of commercial bank loans) you may wish to draw a sharp distinction between "writing down the debt" and other steps that lessen the burden of servicing existing debt. While you can say you see enormous problems with the idea of "writing down the debt"--since it would make co-operative solutions much more difficult to implement--you can also say that other options (e.g. debt/equity swaps; repatriation of flight capital; expanded direct investment) are worth careful study. You may want to tell Lundine that work is underway within the Bank on these subjects, and that you would expect to have more to say within the next few months.

The report issued by Lundine's subcommittee contains a number of other suggestions, which are covered below.

Report on International Debt, Trade and Financial  
Stabilization Act: Proposals Affecting the World Bank

#1. Rapid Loan Disbursements. The Report proposes that World Bank loans be fully disbursed to the central bank of the borrowing country when the loan becomes effective. It also proposes that the Bank be willing to finance a higher share of total project costs (when availability of counterpart finance is slowing project implementation).

Comment: The Bank has stepped up its use of revolving funds in the past year or two, which goes part way in the direction recommended. To go the whole way would undermine the Bank's leverage. Similarly, the Bank has been willing to increase its share of total project costs, but this needs to be handled carefully so as not to undermine Bank efforts to encourage domestic efforts to raise resources (e.g. through adequate user charges).

#2. Increase Structural Adjustment Lending. The Report urges an increase in the quantity of this type of lending, subject to adequate attention being paid to its impact on poverty groups and the environment.

Comment: This is very much in line with current Bank plans.

#3. Reducing Capital Flight. The Report urges an increase in Bank operations focussed on financial sector reform and capital market development.

Comment: Again this is in line with current Bank thinking.

#4. World Bank's Bank. The Committee initially focussed on a possible change in the "gearing ratio" for the IBRD, but this was strongly opposed by the Administration and various expert witnesses. The idea of a leveraged subsidiary remains in the Report as a means of enhancing overall leverage.

Comment: A "think-piece" on a possible leveraged subsidiary was presented to the Executive Directors nearly three years ago. It was not pursued mainly because of fears that it would undercut the case for a GCI and exacerbate the "commercial bank" character of the IBRD. Also the Bank has not had to increase its short-term borrowings (because there has been ample medium and long-term money available), and this has weakened the case for a World Bank's Bank.

STAN LUNDINE, NEW YORK,  
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U.S. HOUSE OF REPRESENTATIVES  
SUBCOMMITTEE ON  
INTERNATIONAL DEVELOPMENT INSTITUTIONS AND FINANCE  
OF THE  
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS  
NINETY-NINTH CONGRESS  
WASHINGTON, DC 20515

Barber Conable  
President  
The World Bank  
Washington, D.C.

July 18, 1986

Dear Barber:

Let me extend my congratulations to you again as you begin your extremely important new task. It was good to speak directly with you a few days ago. I wanted to send you this letter to convey more fully my thoughts on the challenges you face. These are private observations, but you are of course free to share them with others or use them as you see fit. If getting together to talk further would be helpful, I would be happy to do so.

Making the World Bank the catalyst in the resolution of the Third World debt problem is clearly the major challenge you confront. I have been generally supportive of the framework for a resolution of the debt crisis articulated by Secretary Baker, but I have been increasingly disappointed in the failure of the Administration to go beyond the rhetoric of the Baker initiative and undertake real action.

One of the three legs of the Baker stool is an increased commitment from the commercial banks to renew lending to these debtor countries. Yet, I have been repeatedly told that when Secretary Baker and Chairman Volcker have met with commercial bankers, no specific commitments have been requested or obtained from the bankers. As a result, I see little or no evidence that the commercial banks are in fact providing the private resources that are needed to work out the debt problem.

The second component of the Baker initiative of course is the demand for economic policy reform by the debtor developing countries. Again, there has been no clear effort to create a mechanism for determining what policy reforms are required for each particular country and how each country's performance will be measured. As a practical matter, nobody is in a position today to declare that a country has done or not done what is expected of it in reforming its policies.

That leads directly to the third and most important part of the answer to the debt problem--the part that is the central challenge you face--the need to make the World Bank the pivotal institution in bringing these other players to the table and making sure each one does his part.



In that regard, I have again been disappointed by the Administration's reluctance to move swiftly and forcefully to obtain the necessary resources for the World Bank. To be candid, I disagree with the judgment that it is too soon to discuss a General Capital Increase for the World Bank. If anything, I think the dollar figures suggested by Jim Baker last fall were too optimistic. Events since then, notably the impact of the oil price drop on Mexico, have confirmed my view that considerably more resources from the public as well as private sectors will be needed by these countries. Therefore I believe we must begin now to make the public case for a GCI for the Bank.

One reason for that view is the political timetable on the Hill. As you clearly understand, the moment for raising these issues in the Congress must be well chosen. In my judgment, we must do all we can to muster support for the Bank in 1987, before we become ensnared in Presidential year politics. Moreover, the IDA 8 replenishment will be considered in 1987, and I feel strongly that the wisest political step is to combine IDA and a GCI--or any other major request for additional resources for debt and development--in a single package. That way you maximize the effort of all the constituencies that support any part of that package. Frankly, that also would minimize the political difficulties for those Members who want to vote for these programs but do not want to be forced to do so repeatedly.

As you lead the World Bank in addressing the debt question, I would also urge you to face squarely some of the realities of that situation which most public figures are still reluctant to address. I realize as you do the reasons for publicly supporting the accounting fiction that these Third World debts remain sound and must be paid, but privately I believe it is time to face the fact that the actual value of these loans is not equal in all cases to their face value and to begin exploring appropriate responses to that reality.

Let me make clear that I am not yet prepared to endorse more radical proposals such as the one put forward by Bill Bradley. During Banking Committee consideration of my own debt proposals, I successfully defeated a Schumer approach which I also thought was ill-advised at this juncture. Both proposals are premised on an idea which I think is unsound--that the Congress or some government agency is capable of making fair and precise judgments about which debtors should pay how much to which creditors.

Nevertheless, the reality now is that the debtor countries simply cannot manage their current debt servicing. Even if they could eventually pay back the principal decades from now, and even if they remain committed to doing so, as many of them still are, they cannot pay current interest. Even trying to do so has compounded the problem. The LDCs are more, not less, in debt now than they were four years ago.

In my view, serious consideration should now be given to the creation of new voluntary instruments, issued by the World Bank and in some fashion backed by the major governments, which would replace

some portion of the existing commercial debt--providing strictly that the commercial banks themselves are required to accept appropriate losses on those loans which are not now worth their full face value. I might add that the World Bank also must play a role in seeing that there is real coordination of bank regulatory policies among the industrialized countries if new instruments or other creative approaches are to be workable. Regulatory changes undertaken by the United States alone cannot be fully effective and might work to the unfair disadvantage of our own financial system.

Whatever the exact measures taken, the main challenge is for the World Bank to step in as the catalyst to make it all happen. The commercial banks, the governmental and multilateral entities and the developing countries all must be brought to the table to work out a real quid pro quo that benefits us all.

After all, even as I suggest that realism requires some debt servicing relief, I would also reiterate that we ought to insist that as a tradeoff for such relief there is in fact the kind of economic policy reform, opening of LDC markets and general trade liberalization which are in our best interests and in the long-term best interest of the worldwide trading economy. None of those objectives can be achieved if there is unilateral repudiation, or, for that matter, unilaterally granted debt relief. There has to be real and binding negotiation by all the parties, managed by a multilateral entity--in my view, the World Bank.

Perhaps the greatest challenge before you is to bring your own particular understanding of the Congress to bear as you work with the Administration in support of the Bank and of creative solutions to the debt problem. To be blunt, they have made some major mistakes in the way they have responded to Congressional initiatives on this subject. In particular, I would cite the Administration's response to my own efforts to draft debt-related legislation. As I believe you know, I succeeded in getting a debt bill approved by the Banking Committee, incorporated in the trade bill which was passed by the House on May 22. (A copy of my debt bill and the committee report are enclosed, in the event you have not seen them.)

I believe the proposals in this debt legislation are modest, sensible approaches which are entirely consistent with the broad, three-pronged framework of the Baker initiative. Our bill takes tangible steps to make the World Bank the catalyst on debt and to provide it with additional resources to do the job. It adds appropriate pressure for economic reform and trade liberalization by the LDCs. And at the same time it sets the stage for subsequent Congressional action to alter the regulatory treatment of commercial debt in whatever way might be best-advised to achieve the reduced debt servicing burden required in the current situation.


Unfortunately, the Administration has seen fit to oppose this legislation at every stage. I can understand, even though I strongly disagree with, their opposition to the House trade bill. But I see no fair basis for their specific opposition--vigorously pursued on the House floor via a gutting substitute which they encouraged Chalmers Wylie to offer--to these debt and World Bank-related provisions I advocated.



Leaving aside the fate of the trade bill and the partisan wrangling over it, the fact is that debt legislation of the sort I have been working for--and perhaps some legislation a good deal stronger--is urgently needed. And that cannot happen unless the Administration is persuaded to work in a less stridently partisan way with the Congressional allies of the MDBs to achieve such legislation.

Barber, I know that you have the skills to undertake this challenging task. I have applauded your selection for the Presidency of the World Bank precisely because you have the political judgment and substantive knowledge to bring to bear on these very difficult problems. I know that there are many people of good will in Congress who want to work with the World Bank and the Administration to deal with debt in such a way as will strengthen the economies of all the nations of the world. I wish you the very best of luck as you strive toward these goals.

Yours very truly,

  
Stan Lundine  
Chairman

October 2, 1986

The Honorable Larry E. Craig  
Member of Congress  
1st District, Idaho  
Congress of the United States  
House of Representatives  
Washington, DC 20515

Dear Larry,

Thank you for sending me a copy of the "silver plan" which includes a proposal for the World Bank to finance accumulation of silver stocks by the Governments of Peru and Mexico aimed at assisting them in servicing their external debt.

As you know, the World Bank's principal mandate is to finance development projects. Under special circumstances, we complement our project lending with loans for policy reform in support of structural or sectoral adjustment aimed at enhancing development. Over the years, consideration has been given to the Bank's financing accumulation of commodity stocks. Each time, it was decided that such operations would divert the Bank from its principal objective.

As you know, such schemes, if "successful", would result in pushing up the world price of the commodity for which stocks are accumulated, thereby encouraging increased production. As production increases without a direct link between the world price of the commodity and the actual supply of that commodity, eventually the price in world markets no longer bears a realistic relationship to the true value of the commodity. Because of this, such schemes are likely to be unsustainable over a period of time. For this reason, the Bank has avoided financing, even indirectly, either international or national stock accumulation programs.

Thank you again for sending me the "silver plan" proposal and for your interest in the Bank's work.

Sincerely,

(Signed) ~~A. W. Clausen~~ BBC

Barber B. Conable

Cleared with & cc: Mr. Pfeiffermann

FZJaspersen:lh

# THE WORLD BANK

<b>ROUTING SLIP</b>		Date Sept. 29, 1986	
<b>OFFICE OF THE PRESIDENT</b>			
Name		Room No.	
Mr. Knox		A-907	
<i>Mr. Pfefferman</i> <i>Please review this</i> <i>prepare a short</i> <i>reply. AMF</i> <i>9/30</i>			
To Handle		Note and File	
Appropriate Disposition	XX	Prepare Reply	
Approval		Per Our Conversation	
Information		Recommendation	
Remarks  <p>Mr. Conable would appreciate a "Dear Larry" reply to "The Honorable Larry E. Craig" prepared for his signature.</p> <p style="text-align: right;">Isaac Sam</p>			
From			

#1332  
LARRY E. CRAIG  
1ST DISTRICT, IDAHO

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AND INSULAR AFFAIRS

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Congress of the United States  
House of Representatives  
Washington, D.C. 20515  
September 22, 1986

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Honorable Barber Conable  
President  
World Bank  
Room E 1227  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

Per our telephone conversation, on Friday the 19th, I am forwarding a working paper outlining the "silver plan" that has been drafted by a number of people. The staff of the Idaho Congressional Delegation, representatives of the silver industry, the Department of Interior, and the International Finance Corporation were the core group who drafted the "silver plan."

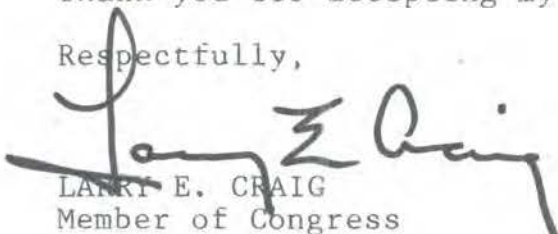
The Department of Treasury has reviewed a copy of the "silver plan" and has commented on its merits. Investment bankers have been contacted to ascertain their interest and whether the idea is conceptually flawed. To date, all investment bankers that have been contacted have responded favorably. The "silver plan" was distributed to representatives of the Mexican and Peruvian governments. The Peruvian government has reacted favorably, and we are in the process of working with the Mexican government.

The "silver plan" is designed and intended to be used as tool for repayment of foreign debt. There is no doubt, if silver is used it will have a beneficial impact on domestic silver producers, but the major benefit will be to strengthen the Mexican and Peruvian currencies.

As I know your time is short, I will call you later and discuss this concept in detail.

Thank you for accepting my phone call and good luck.

Respectfully,

  
LARRY E. CRAIG  
Member of Congress

Enclosure



July 28, 1986: First Draft  
July 29, 1986: Second Draft

## OUTLINE OF INTERNATIONAL SILVER PROGRAM

### 1. Overview

A number of countries are experiencing extreme difficulty in servicing their debt under present contractual arrangements to the international financial community (World Bank, IMF and commercial banks). The "Baker Plan" was formulated to more effectively manage this crisis by: (1) encouraging increased lending through development institutions; (2) restructuring and increasing commercial bank lending; and (3) reinforcing Governments' own commitments to revise economic policies to achieve growth and stability.

Mexico and Peru are two of the affected countries. They are also the two largest silver producers in the world. Silver, recognized as a precious asset as well as an industrial metal, could be more effectively mobilized to aid these countries in alleviating a portion of their immediate debt problems.

### 2. Silver Program

A "Silver Program" is proposed to utilize most of the silver resources in Mexico and Peru to deal with a part of the immediate debt due on current account.

- (a) The current national silver resources would be transferred to special accounts within the respective financial reserve systems of Mexico and Peru.
- (b) These resources might thereby become part of the respective monetary base as an increment to foreign exchange reserves or, preferably, as collateral for the purpose of new financing vehicles to supplement and assist in servicing existing loan agreements, within the regulatory framework governing current agreements.
- (c) The program would involve the Mexican and Peruvian Governments purchasing silver from domestic mining companies and other internal sources. The silver thus acquired would be allocated for use between the financial accounts and production uses.



### 3. Silver Purchase

The Central Banks and/or respective Ministries of Finance would purchase silver at the prevailing market price and hold all silver under this program. This would require the support and cooperation of Mexican and Peruvian sellers of silver - especially producers. The Mexican and Peruvian Governments would formulate purchasing programs, preserving appropriate incentives to the sellers, suitable to the circumstances in both countries. It is understood that a general procedure already exists under Mexican law for acquiring silver and guaranteeing the availability of needed foreign exchange to producers. The procedure would be adjusted as appropriate to reinforce incentives required under the accelerated purchasing system.

### 4. Silver Backed Notes

Silver thus acquired could be used as the basis to establish a special account called the "Note Issuing Fund Account" (NIFA).

- (a) If "notes" were to be issued for servicing current debt obligations, it is possible that the market value of the silver, held on account, might be used to leverage the instruments on the basis of 1:2 or 1:3.
- (b) Because of silver backing, terms and conditions might be more attractive to the issuer.
- (c) If silver-backed certificates initially were to be issued directly into the financial markets as a means of raising new money, it is unlikely that such untested instruments could be structured on a leveraged basis. The implication would be that the holders of such certificates could demand silver in repayment of principal at maturity.

### 5. Illustration of Effects

#### (a) Mexico

Assumptions:	* Current silver reserves	- 15 million ounces
	* Annual silver mine production	- 70 million ounces
	* Annual fabrication use	- 10 million ounces
	* Silver price	- \$5 per ounce

The first year: 75 million ounces of silver reserves as collateral would be generated. At present low world silver price (\$5 per ounce), this represents \$375 million. Each subsequent year an additional 60-million ounces, or \$300 million would be added to the account (NIFA).

*Is why not*

If it were possible to leverage at 1:2 ratio, \$750 million would be generated in the first year; and at 1:3 ratio, \$1.125 billion could be raised. Even if prices remained at current levels, subsequent production could yield an additional \$600 million or \$900 million annually.

(b) Peru

Assumptions: \*

Current silver reserves	- 10 million ounces
Annual silver mine production	- 56 million ounces
Annual fabrication use	- 7 million ounces
Silver price	- \$5 per ounce

The first year: 59 million ounces of silver reserves as collateral could raise \$295 million. Each subsequent year an additional \$245 million would be added. Possible leveraging, as described above, could double or treble these figures.

(c) Overall

A skillfully executed silver "NIFA" program could provide one more positive element in Mexico's and Peru's debt situation. The process itself may strengthen silver prices and thus further stimulate the market for new "notes" entering the system in subsequent years. It is the creation of a market for a new type of Mexican or Peruvian paper that will, over the longer term, favorably affect the perception and receptivity in the financial markets, thereby leading to more general acceptance of Mexican and Peruvian borrowings.

6. Steps to be Taken

- (a) Central banks would establish on-going and long-range programs for purchasing silver production at market prices, thus assuring a steady flow into the "NIFA" as well as the quantities needed for domestic commercial purposes, and silver product exports.
- (b) U.S. Treasury would support World Bank and IMF concurrence with this program which should function within the framework of current policy dialogues and agreements.
- (c) The World Bank or IMF might be requested to consider lending to Mexico and Peru to offset possible losses in export earnings and compensate for budgetary outlays of Governments purchasing silver stock in local currency.

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## 7. The Notes

The "Note Issuing Fund Account" (NIFA) would issue new notes, with maturities up to five years, due in accordance with sinking fund arrangements. Initially, they would be issued as payment on immediate debt or to generate negotiable paper representing foreign exchange obligations to service existing loan agreements and, as such, could be leveraged to some degree. These notes may be traded in the secondary markets of the world and could appreciate in value on a rising silver price.

Denomination:	U.S. dollars \$100,000 denominated notes.
Interest:	Market rates to be negotiated (based as appropriate on Treasury Bill rate or LIBOR, plus margins and fees).
Principal Amount:	Priced on the basis of international silver quotation at the day of issue, with a guaranteed floor to be established. All upward movements to be reflected in adjusted principal with benefits shared by Governments and creditors.
Payments:	Three - five years with sinking fund schedule.

Note holders would be issued additional cycles of silver-based "notes" under a continuing program, until foreign exchange reserves of Mexico and Peru permit repayments on agreed schedules in U.S. dollars. At that point, the program could be used to raise new money in the financial markets, particularly the Euromarkets. In the best of circumstances, note holders will be fully repaid at maturity, but some note rollover should be anticipated. It is envisaged that silver-based "notes" could turn out to be the most viable and valuable financial instruments issued by Mexico and Peru in the financial markets if structured in a form fully acceptable to the markets.

## 8. Potential Role of the World Bank Group

The program might be supported by the World Bank through structural adjustment lending in support of policies and actions to be taken by the Governments. International Finance Corporation (IFC) assistance could consider supporting corporate investments and joint ventures in Mexico and Peru in expansion and upgrading of silver-based industries in order to encourage participation by the major US investment and commercial banks. IFC might also consider participation in underwriting the silver notes issued in conjunction with the NIFA program.



#### 9. Use of Silver at End of Program

At the end of a three to seven year purchase program, silver, not needed for collateral and reserve purposes in Mexico and Peru, should be minted into coinage and gradually introduced into the system, subject to there having emerged stable and fully convertible domestic currencies. Such coinage would be available to the general public as an additional form of exchange. In addition, silver producers would be encouraged to participate in an international silver promotion program to expand markets for silver consumer products, and the World Bank Group could be called upon to assist in private sector investment needed to modernize and expand silver-based industries in Mexico and Peru. These industries would provide outlets for disposal of portions of any excess silver in an orderly manner.

#### 10. Benefits of the "Silver Program"

- (i) Refinancing of a portion of immediate debt by Mexico and Peru consistent with the intent of the "Baker Plan";
- (ii) Whether used directly as a reserve or in a "NIFA", the overall reserve position would be improved thus influencing public confidence in the local currencies;
- (iii) Stabilization of domestic currencies over the longer term;
- (iv) Expanded use of silver by Mexico and Peru in new industrial ventures;
- (v) Stabilization of international silver prices.

November 12, 1986

Dear Bill,

I enjoyed reading your thought-provoking letter in which you suggest that The World Bank might issue gold-backed bonds that could be used to refinance the external debt of developing countries in Latin America. As a major borrower in the world's capital markets, the Bank constantly looks for new borrowing instruments and markets that will help diversify its liabilities and minimize its own borrowing costs and those of its developing country clients. The Bank is also seeking to find ways to help developing countries restructure their external debt. It was in this context that I reviewed your interesting proposals.

Gold-backed bonds have, of course, been issued before, notably by the French in the early 1970's. Since then, other types of commodity-backed bonds have also been issued (e.g., oil-linked bonds by Mexico in 1977), designed primarily to hedge the cash-flow risks associated with fluctuations in commodity prices. These types of issues have met with varying degrees of success.

Developing countries could, in principle, use their domestic gold reserves and production as backing for gold-linked bond issues. However, most borrowers evaluate alternative forms of borrowing in terms of real effective cost, and even for countries with domestic sources of gold it is not clear that gold-indexed borrowings would prove cheaper in terms of real resources than dollar borrowings. The nominal interest rate on gold would clearly be lower, but the real effective cost of gold versus dollars would depend on the interaction of U.S. and international economic policies over the life of the borrowing. In other words, the developing countries are not in a position to control the relative real cost of dollars versus gold and as long as the United States does not itself adhere to a "gold standard", the LDCs would continue to be exposed to swings in real, effective interest costs.

During the 1970s, for example, real interest rates on U.S. dollar borrowings were negative; in the 1980s, they have been strongly positive, reflecting the shift to monetary restraint at a time of rising budget deficits.

The World Bank is, of course, in a position similar to the developing countries themselves. Issuance of gold-backed bonds could impose real costs higher than dollar borrowings -- depending on U.S. policy and international economic developments -- and would do so not only on gold-producing countries but also on all other borrowers.



I much appreciate your bringing the subject of gold-backed bonds to my attention. However, I do not believe that this is the most propitious environment for taking this initiative. We will, of course, continue to review developments in this area for the right opportunity to achieve lower real funding costs for our borrowers.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable

The Honorable William E. Dannemeyer  
Congress of the United States  
House of Representatives  
1214 Longworth House Office Bldg.  
Washington, D.C., 20515

bcc: Mr. Keating  
Executive Director

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12/5/86  
CD*

WILLIAM E. DANNEMEYER  
39TH DISTRICT, CALIFORNIA

COMMITTEES:  
ENERGY AND COMMERCE  
JUDICIARY



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Congress of the United States  
House of Representatives  
Washington, DC 20515

September 24, 1986

The Honorable Barber B. Conable, Jr.  
President  
The World Bank  
1818 H. Street, N.W.  
Washington, D.C. 20433

Dear Barber:

For some time, I have been concerned about the international debt situation, especially as it affects Latin America, and Mexico in particular. The problem appears to be not so much the size of debt as the cost of servicing debt at interest rates made high because of a built-in premium to compensate for the depreciation of the American dollar.

An eye-opener is the report I have on my desk, according to which the largest Canadian banks are lending gold to qualified customers in the private sector at 1 to  $1\frac{1}{2}\%$  interest, payable in gold. Apparently, the depreciation premium evaporates as soon as the loan contract is denominated in gold. Our own history confirms this; so long as the United States operated on a gold standard, the Treasury could borrow (in peacetime) all it needed at 2 to  $2\frac{1}{2}\%$ . Interest rates were very high in the aftermath of the Civil War, when the dollar was not redeemable in gold. But they fell drastically in response to the resumption of the gold standard in 1879, and the Treasury was flooded with orders for its new gold bond issues.

There is no reason to believe that, if the U.S. decided to resume now, our 1879 experience could not be duplicated. The amount of gold in private hands world-wide, about 50,000 metric tons, is much greater today than it was in 1879. A large part of this gold, now idle, would come out of hiding if the U.S. Treasury and the World Bank jointly offered a 30-year gold bond issue with a coupon rate of  $1\frac{1}{2}\%$ . The initial issue could be \$100 billion, followed by additional issues as appropriate and depending upon public reception. The ice would be broken and the case made that the problem of low and stable interest rates, now as before, yields to the essay of a golden key, whereas all other keys have failed.

The Honorable Barber B. Conable, Jr.  
September 24, 1986  
Page two

If the U.S. Treasury declines to cooperate, the World Bank might proceed with the gold bond issue on its own authority, and use the revenue to refinance the dollar debt of Latin America at much lower rates of interest. The gold debt could easily be serviced by Latin America's own gold production (estimated at 153 metric tons in 1985, or 13% of the total production of the non-communist world). Other export earnings could then be channeled into economic development.

The psychological impact of the success of the gold bond would be enormous. It would prove that gold can be enlisted successfully to finance world development. In fact, one of the reasons why the world economy has been declining during the past fifteen years is that the international community has refused to derive benefits from its gold production. Gold, once mined, is allowed to disappear into private hoards rather than being mobilized for the task of economic development.

I am most interested in hearing your opinion of this plan. You may find the position of Evan Galbraith, the former U.S. Ambassador to France and currently an investment banker in New York, illuminating. I am enclosing his statements on gold bonds for your information.

Sincerely,

William E. Dannemeyer  
Member of Congress

WED:bn  
enclosures



**MORGAN STANLEY**

MORGAN STANLEY & CO.  
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1251 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10020

June 26, 1986

The Honorable William E. Dannemeyer  
United States House of Representatives  
1214 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman:

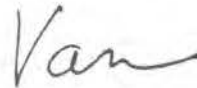
Thank you very much for the most agreeable lunch. I hope you will come to New York before too long and that I will be able to reciprocate with a dinner.

The United States could issue bonds convertible into gold in a total amount which exceeds its existing stock of gold. The portion of the outstanding bonds not matched by gold already owned by the United States could be covered by buying options on gold from central banks and the IMF. The option cost should still leave room for savings in interest costs.

Meanwhile, the United States Treasury should first put our existing gold to work by issuing \$100 billion of long term bonds convertible into gold and carrying an interest rate of 1% to 2%. This could save the U.S. government about \$6 billion per year. We would be willing to form a world wide syndicate to underwrite this placement.

Thanks again for the interesting meeting. My best regards.

Sincerely,



Evan G. Galbraith  
(dictated but not read)

MORGAN STANLEY

MORGAN STANLEY & CO.  
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1251 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10020

April 29, 1986

The Honorable William E. Dannemeyer  
United States House of Representatives  
1214 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman,

Thank you for your letter of April 15th. I think the United States Government could sell \$100 billion of 30 year bonds convertible into gold (not indexed - actually exchangeable for the metal) at an interest rate of no more than 2%. Moreover, there probably would be a conversion premium of at least 5% over the price of gold at the time of sale. The bonds should be non-callable for ten years. The underwriting and sales commission would be less than 1%.

These bonds would become the preferred way to hold gold and would soon fluctuate in value along with the price of gold. If the United States wished to issue another tranche they could, in my opinion, buy an option on additional gold from several reserve banks in the world and still, after paying the cost for the option, effect a reduction in the Treasury's present borrowing costs.

This effort to use our gold and the gold of other countries to reduce the Treasury's borrowing cost would have a beneficial effect on the world economy. I congratulate you on your efforts, but I am not optimistic that we will be able to convince the Treasury. I have tried for almost ten years. Perhaps we can discuss the matter sometime at your convenience.

Best regards.

Sincerely,



Evan G. Galbraith

Note: Evan Galbraith, the former U.S. Ambassador to France,  
is an investment banker in New York



# Use Gold Bonds to Aid Recovery

By Evan G. Galbraith

ments of banks (the percentage of deposits banks are required to keep on hand) and the discount rate (the amount the Fed charges for money it lends to banks).

The hitch is that increasing the money supply and lowering short-term rates would stimulate inflationary expectations, quickly causing long-term interest rates to rise. Short-term rates, as well as inflation,

and accepted as practicable and deflationary. Applying the idea as an offset of an expansionary policy of the Fed is the only new aspect.

One might ask if, by issuing these gold convertibles, we would not simply take from the credit markets an amount of money equal to that which the Fed would put in through expanding the money supply. The response to this sensible question is straight-

supply could clear the way for a sustained recovery, and should allow the deficits to diminish as tax revenues increase in the future. Of course, this scenario assumes that we hold Federal spending at current levels. If we could hold Federal expenditures in line long enough, the growing economy would eventually eliminate the deficit, even without a tax increase.

We have a golden opportunity to rebuild our economy on a sound, non-inflationary basis. There is no need for interest rates to get in the way. The key is Fort Knox.

would eventually follow. This poses a dilemma for economic policymakers: How can we increase the money supply and bring down short-term rates without unsettling credit markets, raising long-term rates and creating a new wave of inflation?

One solution is to use our enormous stocks of gold. How? The Government could sell to the public over a period of time up to \$100 billion in long-term bonds convertible into gold. Because these bonds could be exchanged by the holders into gold at the holders' option, their issuance would create much investor demand even if the interest rate on the bonds were extremely low, say 2 percent.

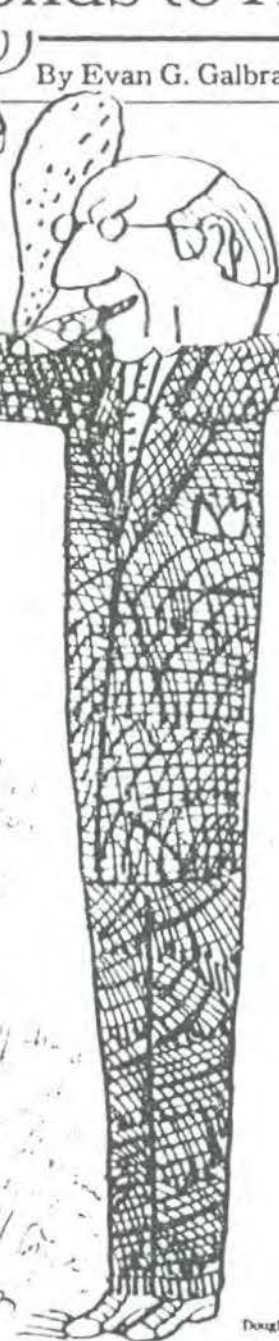
The bonds would not be eligible for purchase by United States banks or the Federal Reserve; like war bonds or savings bonds, they would be sold to the public outside the banking system — thus drawing on private money — and would have the same deflationary effect as a \$100 billion tax. But this tax would be voluntary and paid in part by foreign holders of United States dollars. The issue of bonds convertible into gold would also reduce the Government's borrowing costs, one of the biggest items in its budget, by about \$10 billion a year.

The idea of issuing gold convertibles to combat inflation is not new. I urged it on the Carter Administration five years ago. It has since been examined by a number of economists

forward: The money taken out would come from a different market than the market that would benefit from a loosening by the Fed — that is, the money would come from individual and institutional savings and not from the banks. This in turn would calm the long-term market, which would not be disturbed by an increase in the money supply if, at the same time, it saw \$100 billion coming from the public. Moreover, the long-term market would realize that raising \$100 billion from the public would relieve the Government of the necessity of otherwise financing \$100 billion, which should reduce interest rates. In other words, institutional money managers would see that gold convertibles would broaden the market for Government securities.

One might also object that shifting a large amount of Government financing from the banks and other buyers of Treasury bills and bonds over to private savings would dampen consumption and the recovery. In fact, the economic stimulation provided by a sharp drop in interest rates would more than compensate for any loss of buying power by consumers who purchase the gold convertibles. Also, new savings are being generated by the present growth in the gross national product.

Given accumulated demand in this country, a policy of selling gold convertibles while expanding the money



Douglas Florian

If we were not concerned with reviving inflation, the Federal Reserve Board could quickly bring down short-term interest rates.

By its open-market purchases of government securities, the Fed could expand the money supply and, as a consequence, lower interest rates. The Fed could maintain a prolonged downward trend in interest rates by its control over the reserve require-

Evan G. Galbraith, the United States' ambassador to France, was an investment banker in New York.

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 28, 1986

Dear Ben:

Thank you for bringing the proposal of the Policy Sciences Center for a World Conference on Microenterprises to my personal attention. After considering the proposal and discussing it with the staff, I have decided to follow the course recommended at the meeting of the donor agencies as mentioned in my letter of August 7. The Bank will assist in organizing a conference on microenterprises but at the professional rather than the policy making level. What is needed now are soundly based proposals for helping microenterprises which, I hope, will emerge from that conference. Mr. Penna should be commended both for his interesting proposal and for the vigor with which he has promoted a world conference.

Going beyond the issue of microenterprises, I can assure you that, as I indicated in my speech at the Annual Meetings, the World Bank during my administration will give priority to improving the welfare of the lowest income groups. I would be pleased to discuss any suggestions you and your colleagues in Congress may have to further this objective.

Sincerely,

(Signed) Barber B. Conable

The Honorable Benjamin Gilman  
2160 Rayburn House  
Office Building  
House of Representatives  
Washington, D.C. 20515

cc: Messrs. Botafogo, VPE; Masoni, and Beckmann, IRDIO

Cleared with and cc: Mr. M. Koelle, IRDIO

MLong/FColaco/MKoelle:Ip

*Long 11/22*  
*11/21*



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22ND DISTRICT, NEW YORK

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House of Representatives  
Washington, DC 20515

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SELECT COMMITTEE ON  
HUNGER

VICE CHAIRMAN,  
TASK FORCE ON  
AMERICAN PRISONERS AND  
MISSING IN SOUTHEAST ASIA

September 26, 1986

The Honorable Barber B. Conable, Jr.  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

Pursuant to your request at our recent breakfast meeting, please find enclosed, information concerning the Policy Sciences Center proposal for a ministerial/political level World Conference on Micro-Enterprise Finance, my July 22 letter to you requesting that the Bank provide a facility and cosponsor the conference and your August 7 response rejecting that request.

Although you indicated in your letter that poverty alleviation is among the top priorities of the Bank, a recent study by the Overseas Development Council demonstrates that the Bank's percentage of lending for poverty alleviation declined fully 10% from 1981 through 1985. Specifically, it dropped from 34% of the Bank's total lending to 30.7%.

Moreover, you stated that to improve the lot of the poor the Bank has loaned 2.5 billion dollars for small and medium scale enterprises. However, in practice, loans for small and medium scale enterprises have almost never reached borrowers who required less than \$50,000.

PLEASE REPLY TO:

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Although such enterprises might employ some poor people they primarily benefit the middle and upper classes. In contrast, micro-enterprise finance primarily benefits the poor.

Your letter also stated that the most recent meeting of a donor committee on small scale enterprises reached a consensus to establish a micro-enterprise conference under their aegis at the professional, not the political, level. However, in its meeting on July 18th that donor committee did not reach a consensus to conduct their conference (at a professional level) in lieu of, the conference proposed by the Policy Sciences Center (PSC) (at the political level).

A conference by the donors committee at the technical level does not preclude, but rather complements the proposal of the PSC for a meeting at the decision making level. In fact in the letter dated May 8th from Hugh Foster to Stan Lundine he says: "There is also a need to raise the awareness of policy makers within the developing countries about micro-enterprise related issues". That is precisely the purpose of the PSC proposal.


A professional meeting without a political meeting would result in no action. Therefore, I hope you will reconsider the proposal from the Policy Science Center.

I am glad that you and your colleagues value my interest in poverty alleviation through micro-enterprise finance. Several other Members of Congress and I would be very pleased to meet with you to discuss this subject and especially a special fund on micro-enterprise finance for the World Bank. Both the Banking and Hunger Committees wrote to the Bank about such a fund. In addition, the House has already passed legislation that incorporates the fund as a part of H.R. 4800, Section 422, Page 285.

Since we have much to talk about, I look forward to seeing soon.

With best wishes,

Sincerely,

  
BENJAMIN A. GILMAN  
Member of Congress

BAG:pbb



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

June 16, 1987

Dear Mickey,

Thank you for the copy of the Heritage Foundation speech on U.S. foreign aid.

We all recognize the importance of foreign aid programs and the need to endeavor to make them more effective and rational. While a few actions of the multilateral development institutions may not be entirely consonant with U.S. policies, I am convinced the overwhelming majority of their policies and actions are in harmony with U.S. interests and goals.

Sincerely,

*Barber Conable*

The Honorable  
Mickey Edwards  
Member of Congress  
House of Representatives  
Washington, D.C. 20515

*Large, in red  
4/14/87  
C.B.*

ROUTING SLIP		DATE: <i>June 15</i>	
NAME		ROOM NO.	
<i>Linda McL</i>			
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE		PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		<input checked="" type="checkbox"/> RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS: <i>Since I Actually read it,  I took The liberty of draft-  ing a proposed Acknowledge-  ment. It goes A little beyond  Bill's suggestion, but I believe</i>			
FROM: <i>J. Michael</i>		ROOM NO.:	EXTENSION:

*it is apt.*

L -

We should acknowledge receiving this — and ~~probably~~ probable nothing more, I'm sorry I read it. BBC said he wouldn't waste his time -

B -

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/06/05

DUE DATE : 87/06/16

LOG NUMBER : 870616002

FROM : Mickey Edwards

SUBJECT : Enclosing copy of speech given at Heritage Foundation on US  
aid program.

OFFICE ASSIGNED TO FOR ACTION : ALL OTHER (*H. Nicholas*)

ACTION:

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_____	PLEASE HANDLE
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_____	FOR YOUR REVIEW AND RECOMMENDATION
_____	FOR THE FILES
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_____	AS WE DISCUSSED
_____	RETURN TO _____

COMMENTS :



MICKEY EDWARDS  
FIFTH DISTRICT, OKLAHOMA

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CHIEF OF STAFF

18  
JWS

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

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(405) 231-4541

114 NORTH 4TH, SUITE 105  
PONCA CITY, OK 74601  
(405) 762-8121

June 5, 1987

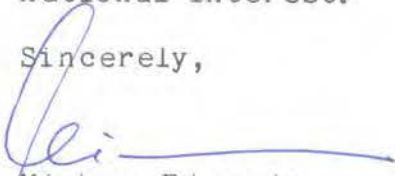
Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I recently gave a speech at the Heritage Foundation, which outlines some of my views about the nature of the U.S. foreign aid program. I believe that the constraints we face on the foreign aid budget make it very important to undertake a fundamental re-evaluation of the goals and objectives of U.S. foreign assistance.

I hope you'll find my remarks useful as we move forward together in crafting a foreign aid program that best reflects our national interest.

Sincerely,

  
Mickey Edwards  
Member of Congress

ME/bb

# THE HERITAGE LECTURES

*101*

Foreign Assistance  
and Foreign Policy

*By Rep. Mickey Edwards*



**The Heritage Foundation** is one of the country's leading public policy research institutes. With offices just two blocks from the United States Capitol, The Heritage Foundation's research and studies programs are designed to make the voices of responsible conservatism heard in Washington, D.C., throughout the United States, and in the capitals of the world.

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**The Heritage Foundation**  
214 Massachusetts Ave., N.E.  
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202/546-4400



# FOREIGN ASSISTANCE AND FOREIGN POLICY

by Representative Mickey Edwards

Neither Fiji nor Botswana faces a serious military threat, either from internal opposition or from superior external forces. Neither is central to our defense planning. Yet both received military aid from the United States last year. And so did 100 other countries.

Countries that repress and murder their citizens get U.S. aid to help keep their repressive governments in power.

Countries that oppose U.S. foreign policy consistently and vocally receive U.S. foreign aid.

Countries that cannot meet their debt payments and refuse to meet the terms of loans they have already been given receive, through third parties, still more U.S. money in the form of still more loans.

In the southwestern United States, federal regulators are closing dozens of banks which make loans that contain any degree of risk, but the United States continues to pump billions of dollars into international banks which then loan that money to foreign governments which are in such bad financial shape that, if a loan were offered to an American citizen in the same kind of financial shape, the loan officer would be fired, and might even go to prison.

American farmers see their farms seized and sold at auction because the same federal government which encourages Peru or Poland to renege on loan commitments will not let a family farmer in the United States renegotiate a loan for a longer payout or lower interest rates.

**No Interest Loans.** And while an American businessman, banker, realtor, or farmer is held to current payments at contract interest rates, the United States, through international agencies, provides 50-year, no-interest loans to foreign governments and pours tens of millions of dollars a year into international agencies to help train foreign farmers and businessmen to take business away from the American farmers and businessmen who paid for their training.

"Sophisticated" people, of course, know that this is all essential, and they shake their heads in dismay at the resistance to foreign aid among the rednecks outside the Washington Beltway. But the rednecks may be right; because they are farther from the forest, maybe they can see more clearly that the trees have no leaves.

---

Congressman Edwards, Republican, represents the 5th District of Oklahoma.

His lecture, on April 9, 1987, was sponsored by The Heritage Foundation's Center for International Economic Growth.

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**The Case for U.S. Aid.** Is it important for the United States to have a program of providing assistance to foreign governments? Yes, probably so. And for a number of reasons. For example:

First, a number of countries that are friendly to the United States, and which play an important role in preventing the Soviet Union from gaining a military advantage and increasing the threat to our national security, do not have the resources to provide the help we ask of them without help from the United States. For example, nations such as Greece and Turkey, in the NATO alliance.

Second, a number of countries provide the United States with important basing rights which allow us to maintain important forward positioning of our defense forces (for example, the Philippines), and whether you consider it blackmail or merely the advantage held by the seller in a seller's market, the United States at times provides substantially more than the rental price to "reassure" these host nations that we are "friends" with whom they will want to continue doing business at the expiration of the current agreements.

Third, there are countries which neither provide basing nor play an important role in our own defense calculations but which, in the hands of forces friendly to the Soviet Union, could provide a fairly substantial threat to our security and which, therefore, must be supported against either external aggression or armed overthrow by forces supportive of (and supported by) the Soviet Union. El Salvador is a good example. Nicaragua, after the fact, is probably a better one.

Fourth, there are countries which are both in serious financial trouble and either economically interwoven with the United States, to a high degree, or in the category of nations we simply cannot afford to see fall into pro-Soviet hands, and in those cases we must sometimes provide economic assistance to keep a nation afloat.

Finally, there is a clear and compelling case to be made for using U.S. assistance to do what good people ought to do--to keep children from starving to death, for example. And so we provide money to keep essential services going after earthquakes, or to provide emergency famine relief, or finance the PL-480 program, which sends U.S. grain overseas to help feed the starving populations of places such as India. (But one must be careful not to lump every conceivable humanitarian act under the same heading: for example, the issue becomes more complicated when funds for a government hit hard by earthquake go beyond maintenance of essential services and provide the financing for rebuilding shops, office buildings, and houses, which are services the federal government provides only sparingly to homeowners and businessmen who suffer from natural disasters in the United States.)

So--and I suspect that the people in my district, and in a score of other distant places, realize this--there is a proper and justifiable role for the providing of assistance by the United States to other governments. But in each of the cases I have listed above, the instances are all either humanitarian or related to our own national interest in a clear and easily discernible way.

But these guidelines do not lead one to provide military assistance to 102 nations, at a cost of \$5.8 billion, at least 7 percent of it or nearly \$450 million to nations which face no immediate threat and play no critical role in the U.S. defense. They do not justify the United States providing \$11 million in various kinds of foreign aid to Mozambique, which



voted against the United States 94.1 percent of the time last year in the United Nations, or \$63 million to Zaire, which voted against us 90 percent of the time. Yet, more than \$1 billion, or 13.6 percent of all the money spent by the United States on bilateral foreign aid last year, went to nations which voted against the United States at least 50 percent of the time in the United Nations. What is more, the United States last year provided close to \$1 billion to the World Bank, or 14 percent of the money the World Bank spent through its various agencies, such as the International Development Association, and about 30 percent of the World Bank's loans went to nations which oppose U.S. policies more than half the time.

**Working against U.S. Interests.** There is an interesting argument that goes like this: the United States ought to contribute heavily to international organizations such as the World Bank, rather than concentrating exclusively on its own foreign aid agencies, because there is a multiplier effect: in other words, for every dollar it puts in, 10, or 20, or 60 additional dollars are spent, because of the pooling of the resources from various countries around the world. That is all very true, but it is absurd logic. If a nation is hostile to the interests of the United States and we would not, or should not, want to give a nation even a single dollar of the taxpayers' money, why should we be pleased to learn that instead of getting one dollar they will get ten, or whatever multiplier a particular agency claims? If I would be foolish to spend a dollar to hire someone to work against my own interests, why am I to be persuaded that it is possible, if I play my cards right, to spend nine to ten times as much to hire people to work against my interests? Granted that a certain portion of the money spent through such international organizations will go to nations friendly to the United States, much of that will not go for purposes which further the best interests of the American taxpayer, and that which does can better be provided through direct bilateral assistance by our own Agency for International Development. There is a "multiplier effect," but what is being multiplied is the overhead: we may be paying something like \$1 into these international or multilateral agencies in order to get \$.30 of good for the United States. It is questionable logic and unquestionably bad arithmetic.

Foreign aid is an important part of U.S. global strategy: it arms others, who provide our first line of defense, and because a strong military is an essential component of effective diplomacy, it helps secure U.S. interests without resorting to military means; it helps assure us that countries essential to the military advantage of the Soviet Union will not fall into pro-Soviet hands; and it demonstrates that the United States, by responding to dramatic and urgent need in time of flood, famine or earthquake, is a nation that can be trusted to care about the welfare of the rest of the world--which, too, is a help to diplomacy.

**Vocally Oppose the U.S.** But in the world of Washington politics, what so often separates the "sophisticate" from the "redneck" or uninformed provincial--to the detriment, I fear, of the sophisticate--is a sense of perspective. It is one thing to know that it serves the interests of the United States to appropriate some of the money taken from the taxpayers to further the interests of the United States, and something quite different to use that money to provide weapons and military training to nations that are neither threatened nor important to our national security. And it is something quite different to provide the financial support for those nations that most vocally and most consistently oppose the policies of the United States.

If 60 or 70 or 80 percent of the money spent by the United States on foreign aid does, in fact, fall into the categories of assistance which are justifiable, then it is irrational to spend the additional billions of dollars which do not fall into those categories.



If 70 percent of all the money spent by the United States on foreign aid last year falls into one of these categories of justifiable expenditure of taxpayers' dollars, that means we spent nearly \$4 billion through our foreign aid program last year which either did not benefit the United States or benefited nations hostile to our interests. As a member of both the Appropriations and Budget Committees in the House of Representatives--one of only four members to serve on both committees--I am acutely aware of the difficulties we are having in trying to deal with a federal deficit that threatens to drown the American economy and of the severity with which federal programs in health care, education, and housing are being affected by the frantic scramble to find places to cut federal spending. And if we assume we wasted \$4 billion on foreign aid, think how much education or defense we could have bought with that money.

If we start with two basic premises, that some foreign aid is essential and that much of our current program is either wasteful or counterproductive, then it is clearly essential that the architects of these programs go back to the drawing boards and produce, instead of pleas and complaints, a new and more rational program for meeting this element of our foreign policy.

Let me suggest some starting points:

**1) Officials of the State Department and the Treasury Department--the agencies of the federal government which administer most U.S. foreign assistance programs--should develop a measuring stick to gauge which programs (a) do the most (b) to further those U.S. interests (c) which are most critical. Proposed expenditures should be held up to this measurement not only in terms of how much each proposed beneficiary shall receive, but whether the beneficiary shall receive anything at all.**

**2) We should limit military assistance, and we should particularly limit military assistance to nondemocratic nations.** We often hear arguments that security assistance is needed to demonstrate American support for countries with which we want military cooperation, usually in terms of access to military bases. But our security needs are not always fulfilled when it is necessary to purchase the cooperation of strategically important nations. I do not believe we have the obligation to treat U.S. aid devoted to any security objective as compensation on an indefinite basis. One of the problems when we do is that, when locally supported insurgencies develop, we often view the threat to our "allies" as a requirement to provide them with more arms--when those are used against their own citizens resisting government policies which we ourselves condemn. If we want to look at our long-term interests, supporting nonsupportable governments is not a reasonable foreign policy response.

**3) It should be a standard rule-of-thumb that U.S. foreign assistance participation will be exclusively in the form of bilateral aid unless changes can be made in the internal structures of multilateral organizations to permit effective use of U.S. vetoes or other means of ensuring that the money contributed by American taxpayers does not go to work against our own national interests.**

**4) No-interest or low-interest loans should go only to the neediest of nations that fit these criteria for U.S. assistance.** IDA loans now go to credit worthy and unfriendly

nations. Almost 40 percent of IDA VII credits will go to India and China. Another third goes to African nations, many of which vote with us from 5 to 15 percent of the time in the U.N. and receive substantial Soviet bloc assistance.

When it first began receiving zero-interest IDA loans, the PRC was among the world's top seven foreign currency holders. It bought large amounts of foreign bonds and invested heavily in foreign development projects. The PRC was a net creditor, lending more to the world than it borrowed. It makes no sense to have IDA grant zero-interest loans to the PRC, which turns around and provides credit to other countries at market interest rates.

India also has ready access to commercial credit. It has the tenth largest GNP in the world and a low debt-service ratio. Part of the reason India has a good credit rating is that it has shunned borrowing in private capital markets in favor of concessional multilateral aid. What is more, India has been a leader in the Third World of distinctly anti-American policies.

**5) Foreign governments should not find** our own government more generous than Americans do. Disaster relief for people in San Salvador should not be more comprehensive than that offered to people in Oklahoma or New Jersey, and we should not forgive contractual obligations incurred by the Peruvian government if we are not willing to do the same for a businessman in Philadelphia.

Given these starting points, it is possible to develop a new foreign assistance approach that will both meet our national needs and win increased public support. But without such changes, that support will be neither forthcoming nor deserved.

# # #



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 2, 1987

Dear Dick:

I want to acknowledge your letter of February 17 about the Oversight Subcommittee's hearings on lobbying and political activities of tax-exempt organizations. It would be inappropriate for me to appear before the Subcommittee as a witness although I thank you for the invitation. From here on, Dick, this letter is personal.

It has always seemed to me that the charitable community is a Republican constituency. Volunteer activity is in the finest tradition not just of the private sector but of the middle class. During my years on Ways and Means, I devoted myself to this part of our political constituency assiduously, convinced that America's volunteers were opinion-setters in every sense and in every four-corners of the country. I spent five years trying to get this lobbying bill through the Congress in an atmosphere of legislative apathy and mistrust. It was needed, not because of charitable abuses but because of the IRS hectoring charities which lobbied in any degree or on any level. No revenue was involved. I did not take the position that they had an unlimited right of lobbying, but only that they were entitled to know what they could and could not do. Without such provisions the IRS can and does engage in in terrorem tactics preventing any lobbying at all.

The view of important segments in the charitable movement (like Independent Sector) is that the proposed IRS regulations would totally negate the effects of my legislation of ten years ago. If so, it should not be permitted to happen. If you can stop it, you will receive disproportionate gratitude from a badly frightened charitable movement. I doubt any objective analysis will disclose the onslaught of intemperate lobbying from such greedy organizations as the Girl Scouts or the United Way following passage of my bill.

In short, dear friend, I have felt strongly enough about this (and not just because I have left so few legislative monuments behind me) so that I personally complained to Dick Darman about the proposed regs recently. I acknowledge that I am not informed as to the IRS tyrant's reasons.

Best personal wishes.

Sincerely,



The Honorable Richard T. Schulze  
Committee on Ways and Means  
US House of Representatives  
Washington, D.C. 20515

J.J. PICKLE, TEXAS, CHAIRMAN  
SUBCOMMITTEE ON OVERSIGHT

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RAYMOND J. McGRATH, NEW YORK

EX OFFICIO:  
DAN ROSTENKOWSKI, ILLINOIS  
JOHN J. DUNCAN, TENNESSEE

*also John Mungler*

DAN ROSTENKOWSKI, ILLINOIS, CHAIRMAN  
COMMITTEE ON WAYS AND MEANS

JOSEPH K. DOWLEY, CHIEF COUNSEL  
A.L. SINGLETON, MINORITY CHIEF OF STAFF

BETH KUNTZ VANCE, SUBCOMMITTEE STAFF DIRECTOR

## COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

SUBCOMMITTEE ON OVERSIGHT

February 17, 1987

Honorable Barber B. Conable, Jr.  
President, The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I want to alert you to some upcoming hearings of the Oversight Subcommittee which I believe may be of special interest to you.

On March 12 the Oversight Subcommittee will hold a hearing on the lobbying and political activities of tax-exempt organizations. Between April 27 and 29 the Subcommittee anticipates hearings on the unrelated business activities of tax-exempt organizations. Both topics have not received in-depth review for over a decade.

I remember that you were the principal architect of the tax-exempt provisions in the Tax Reform Act of 1969 and the Tax Reform Act of 1976. After 10 years the IRS finally issued Proposed Regulations (in November, 1986) interpreting the section 501(h) lobbying standard which you authored.

*(No)* My purpose in alerting you to the upcoming hearings is twofold. First, you may wish to participate in the hearings. Second, if there are any issues which you believe deserve special attention, then I would be happy to keep my eye on them for you.

The more I learn about the treatment of tax-exempt organizations, the more respect I develop for the role you played in shaping those provisions.

Sincerely,

*Dick*

Richard T. Schulze  
Member of Congress

RTS:mskh

Congress of the United States  
House of Representatives  
Washington, DC 20515

OFFICIAL BUSINESS



RICHARD T. SCHULZE

The Honorable Barber B. Conable, Jr.  
President, The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

February 27, 1987

Dear Dick:

I want to acknowledge your letter of February 17 about the Oversight Subcommittee's hearings on lobbying and political activities of tax-exempt organizations. It would be inappropriate for me to appear before the Subcommittee as a witness although I thank you for the invitation. From here on, Dick, <sup>this letter</sup> ~~it~~ is personal.

It has always seemed to me that <sup>the</sup> charitable community <sup>is</sup> ~~was~~ a Republican constituency, ~~and that~~ volunteer activity <sup>is</sup> ~~was~~ in the finest tradition, not just of the private sector but of the middle class. <sup>During my years on Ways & Means</sup> I devoted myself to this part of our political constituency assiduously, convinced that America's volunteers were opinion-setters in every sense <sup>every</sup> and in ~~all~~ <sup>every</sup> the four corners of the country. I spent five years trying to get this lobbying bill through the Congress in an atmosphere of legislative apathy and mistrust. It was needed, not because of ~~the~~ charitable abuses, but because of the IRS<sup>?</sup> hectoring charities which lobbied in any degree or on any level. No revenue was involved, ~~nor did~~



*I did not*  
take the position that they had an unlimited right of  
lobbying, but only that they were entitled to know what they  
could and could not do. Without such provisions the IRS can *and does*  
engage <sup>in</sup> ~~in~~ <sup>ISM?</sup> ~~in~~ tactics preventing any lobbying at all. The  
view of important <sup>segment 3</sup> ~~in~~ the charitable movement (like  
Independent Sector) is that the proposed IRS regulations would  
totally <sup>negate</sup> ~~obviate~~ the effects of <sup>my</sup> ~~the~~ legislation of ten years ago.  
*if so* It should not be permitted to happen, ~~and~~ If you can stop it, you  
will receive disproportionate gratitude from a badly frightened  
charitable movement. I doubt any objective analysis will  
disclose the onslaught of intemperate lobbying from such greedy  
organizations as the Girl Scouts or the United Way following ~~the~~ *passage of*  
~~legislative enactment.~~ *my bill.*

In short, dear friend, I have felt strongly enough about  
this (and not just because I have left so few legislative  
monuments behind me) so that I personally complained to

Dick Darman about the proposed regs recently. I acknowledge  
that I am not informed as to the IRS tyrant's reasons.

Best personal wishes.

Sincerely,

The Honorable Richard T. Schulze  
Committee on Ways and Means  
US House of Representatives  
Washington, D.C. 20515

May 12, 1987

Dear Dick,

Thank you for your letter of April 28 expressing positive interest in the La Escondida Copper Project in Chile. I also appreciate your bringing to my attention the project's significant economic benefits. I want to assure you that the project, which is currently in an advanced stage of processing within IFC, will receive full consideration.

Best personal wishes.

Sincerely,

(Signed) Barber B. Conable

The Honorable Dick Cheney  
United States House of Representatives  
Washington, D.C. 20515

VTalvadkar:im

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

① JWS  
② JM  
③ VT

CORRESPONDANCE DATE : 87/04/28

DUE DATE : 87/05/08

LOG NUMBER : 870430002

FROM : Dick Cheney

SUBJECT : Re: The Escondida Project in Chile - urge that this project  
receives full consideration by IFC.

OFFICE ASSIGNED TO FOR ACTION : Mr. Barber Conable E1227

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_ ✓ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :

✓  
Write positively and  
Write positively &  
thank him  
for letting us know of  
his positive interest  
in his picture interest.



**Congress of the United States**

**House of Representatives**

Washington, DC 20515

April 28, 1987

The Honorable Barber B. Conable  
President  
International Finance Corporation  
1818 H. Street, N.W.  
Washington, D.C. 20433

Dear Barber:

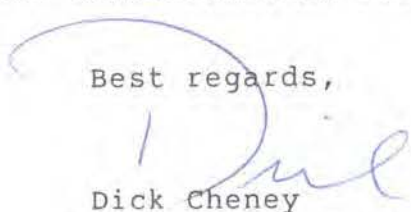
I understand you already may have heard from a few of my colleagues about the Escondida Project in Chile -- a large copper mining project whose owners are seeking IFC financial participation.

I further understand that the U.S. representative in the group at IFC which makes decisions on proposals of this kind is barred by law from voting for financing of a proposal involving a commodity deemed to be in surplus in the United States.

My purpose in writing, Barber, is to respectfully urge that the Escondida Project receive full consideration, and that the U.S. representative not stand in the way of such consideration by the other representatives. It appears to be a good project that would provide a variety of significant benefits. I hope it can be considered by the IFC.

Thank you very much for your consideration, Barber.

Best regards,

  
Dick Cheney  
Member of Congress

April 13, 1987

Dear Phil,

Thank you for your letter of March 25 on the subject of the La Escondida Copper Project in Chile which is currently under review by the International Finance Corporation. I appreciate your bringing to my attention the economic benefits that the project would bring both to Chile and the United States. I want to assure you that the project is being given due consideration.

The Administration has raised a number of concerns regarding the project. I hope you will take the opportunity to express your support for the project directly to the U.S. Treasury.

Best personal wishes,

Sincerely,

(Signed) Barber B. Conable

The Honorable Philip M. Crane  
United States House of Representatives  
Washington, D.C. 20515

VTalvadkar:im

cc: Sir. William Ryrie

PHILIP M. CRANE

MEMBER OF CONGRESS  
12TH DISTRICT OF ILLINOIS

WAYS AND MEANS  
COMMITTEE

SUBCOMMITTEES:

TRADE

SOCIAL SECURITY

REPUBLICAN STUDY COMMITTEE

EXECUTIVE COMMITTEE



Congress of the United States  
House of Representatives  
Washington, DC 20515

OFFICES:  
SUITE 1035  
LONGWORTH BUILDING  
WASHINGTON, DC 20515  
202/225-3711

SUITE 101  
1450 SOUTH NEW WILKE ROAD  
ARLINGTON HEIGHTS, IL 60005  
312/394-0790

56 NORTH WILLIAMS STREET  
CRYSTAL LAKE, IL 60014  
815/459-3399  
312/223-3030

ROBERT C. COLEMAN  
ADMINISTRATIVE ASSISTANT

March 25, 1987

Honorable Barber B. Conable  
President  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I understand that U.S. law requires the United States member of the IFC to vote against any IFC participation in the Escondida Project in Chile. Keeping in mind our government's opposition to this project, I would hope that this would not cause us to block the IFC's full consideration of the merits of this project.

This fully private sector effort to develop one of the world's richest copper resources will have positive economic effects for both the U.S. and Chile. Jobs will be created in the U.S. as heavy equipment and machinery is exported to Chile. The increase in foreign income due to Chile's growing exports of copper will have a positive impact on LDC debt. These positive aspects are well complemented by the favorable staff evaluation which I understand has been given to the Escondida project.

While I understand the political and statutory reasons to vote against this project, I ask that you consider the possibility that this project is allowed to proceed without U.S. support.

Warm personal regards,

A handwritten signature in dark ink, appearing to read "Phil", written over a circular scribble.

Philip M. Crane, M.C.



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 18, 1987

Dear Bob:

Thank you for your letter of March 6 on the subject of the La Escondida Copper Project in Chile which is currently under review by the International Finance Corporation. I appreciate your bringing to my attention the economic benefits that the project would bring both to Chile and the United States. As you are aware, the issue is whether or not a World Bank institution is needed to assure development of the project.

The Administration has raised a number of concerns regarding the project. I hope you will take the opportunity to express your support for the project directly to the U.S. Treasury.

Best personal wishes.

Sincerely,



The Honorable Robert H. Michel  
United States House of Representatives  
Washington, D.C. 20515

VTalvadkar:im

cc: Sir William

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

Bvty

④ JWS  
② VT

RECEIVED DATE : 87/03/12

DUE DATE : 87/03/17

LOG NUMBER : EXC870312008

SUBJECT : (BMichel) Chilean copper mining project - La Escondida.

OFFICE ASSIGNED TO FOR ACTION : ③ ~~Mr. Ryrie (I 12100)~~ VT

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :

Lagard nt  
3/20/87

**Office of the Republican Leader**  
**United States House of Representatives**  
**Washington, DC 20515**

March 6, 1987

Honorable Barber B. Conable  
President  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

It was good to see you at the breakfast with Paul Volcker. Had I known you were going to be there I would have written this letter the day before and presented it to you personally.

I understand that you now have under consideration a Chilean copper mining project known as La Escondida. I urge you to give it your full consideration and continue the IFC's efforts to move it forward.

As you know, this project is apparently somewhat unique in that it is a fully private sector effort to develop one of the world's richest copper resources. Development of this mining operation will earn Chile as much as \$500 million a year in foreign exchange, thereby helping it to meet its foreign debt obligations.

Of immediate interest to me is the possibility of the sale of approximately \$200 million in U.S. equipment for the construction of the La Escondida mine. Caterpillar Inc. would be in a position to supply as much as \$50 million of these equipment needs, and their earthmoving machines would be built in my district--in Decatur and East Peoria, Illinois. The company has told me that it would amount to 500 jobs at these plants and as many as 1000 additional jobs at supplier firms.

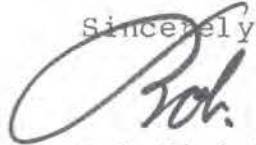
I do not have to tell you how important exports of this type are to my part of the country. The problem of LDC debt and exchange rates are not abstractions in central Illinois. We all know what these global events have done to our local economies. One of the reasons for continued support for the World Bank in many congressional districts is the positive impact its projects have on the job picture at home.



That does not mean that the World Bank or the IFC fund every project, of course, and I know that you have many considerations. But I would ask that you let this project move forward within the IFC so that it can be given its day in court. I will be following it with interest and would be grateful if you could let me know of its final disposition.

Many thanks for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Michel".

Bob Michel  
Republican Leader

RHM:khk

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 26, 1987

Dear Michel:

I appreciate your suggestion and agree that it is best to respond jointly to the letter we received from Congressman Kemp and several other members of Congress regarding untied loans from Western commercial banks to the Soviet Union and Eastern European countries. I have made some very minor changes in the draft letter and have had it finalized for our signatures. It seems sufficient to send copies of this letter to the representatives of the special interest groups who have written us similarly.

Thank you.

Sincerely,



Enclosures

Mr. Michel Camdessus  
Managing Director  
International Monetary Fund  
Washington, D.C. 20431

INTERNATIONAL MONETARY FUND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION INTERNATIONAL DEVELOPMENT ASSOCIATION

Washington, D.C. 20431

October 26, 1987

The Honorable Jack Kemp  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative Kemp:

The letter dated September 24, 1987, signed by you and your colleagues arrived during the Annual Meetings of the World Bank and the International Monetary Fund. The agenda for the Annual Meetings is established by the Governors of the Bank and Fund (Finance Ministers and heads of Central Banks, for the most part), and includes opportunities for Governors to speak on subjects they consider important to the world economy. As you know, President Reagan and Secretary of Treasury Baker both addressed the Annual Meetings. Neither they nor other speakers raised the subject proposed in your letter for discussion at the Annual Meetings -- untied loans from Western commercial banks to the Soviet Union and Eastern European countries.

There are several reasons why this subject may not have been discussed. First, neither the Bank nor the Fund has authority to regulate the lending activities of commercial banks; such regulation is within the competence of national authorities. Second, both the Bank and the Fund advise member governments to be prudent when they borrow and to use borrowed resources efficiently, whether or not the loans are tied. Third, many of the countries which seem to be of greatest concern to you and your colleagues (the Soviet Union, Czechoslovakia, and Cuba, for example) are not members of the Bank and Fund, and are, therefore, beyond the scope of the Fund's economic surveillance and ineligible to draw upon the resources of either the Fund or Bank. Fourth, when member countries do seek the support of the Bank and Fund for their economic reform programs -- Yugoslavia's 1983 program is an example -- some additional lending from commercial banks may be an essential part of the overall financial and economic reform package. As Secretary Baker pointed out in his address to the Annual Meetings, "general balance of payments loans will, of course, continue to be an essential component of virtually all new money packages," although the menu of financial options to facilitate commercial bank participation in such packages should be expanded.



The Honorable Jack Kemp  
October 26, 1987  
Page 2

Thank you for your letter. We appreciate your letting us know  
of your concerns.

Sincerely,



B. Conable

M. Camdessus

cc: Cosignatories of letter of September 24



MANAGING DIRECTOR

INTERNATIONAL MONETARY FUND  
WASHINGTON, D. C. 20431

CABLE ADDRESS  
INTERFUND

October 9, 1987

Dear Barber:

I wish to suggest that we respond jointly to the letter we received from Congressman Jack Kemp and several of his colleagues. Enclosed is a draft prepared by Fund staff upon which I welcome your comments.

We have also received a letter with an identical text signed by representatives of "Free the Eagle," "The Conservative Caucus, Inc.," and other organizations. If you agree, I think it would be sufficient to send the signatories copies of our letter to Representative Kemp.

Sincerely,

A handwritten signature in dark ink, appearing to read "M. Camdessus", is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

M. Camdessus

Enclosures

Mr. Barber B. Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

DRAFT

Dear Representative Kemp:

The letter dated September 24 signed by you and your colleagues arrived during the Annual Meetings of the World Bank and International Monetary Fund. The agenda for the Annual Meetings is established by the <sup>(Finance Ministers and heads of Central Banks for the most part)</sup> Governors of the Bank and Fund, and includes opportunities for Governors <sup>(Finance Ministers and heads of Central Banks, for the most part)</sup> to speak on subjects they consider important to the world economy. As

you know, President Reagan and Secretary of Treasury Baker both addressed the Annual Meetings. Neither they nor other speakers raised the subject <sup>in your letter</sup> ~~you~~ proposed for discussion at the Annual Meetings--untied loans from Western commercial banks to the Soviet Union and Eastern

European countries.

<sup>There are several reasons why this subject may not have been brought up.</sup>  
<sup>There are several reasons why this subject may not have been brought up.</sup>  
~~We wish to offer the following points for your consideration.~~

First, neither the Bank nor the Fund has authority to regulate the lending activities of commercial banks; such regulation is within the competence of national authorities. Second, both the Bank and the Fund advise member governments to be prudent when they borrow and to use borrowed resources efficiently, whether the loans are tied or not. Third, many of the countries which seem to be of greatest concern to you and your colleagues (the Soviet Union, Czechoslovakia, and Cuba, for example) are not members of the Bank and Fund, and are, therefore, beyond the scope of the Fund's economic surveillance and ineligible to



draw upon the resources of either the Fund or Bank. Fourth, when member countries do seek the support of the Bank and Fund for their economic <sup>reform</sup> ~~adjustment~~ programs--Yugoslavia's 1983 program is an example--some additional lending from commercial banks may be an essential part of the overall financial and <sup>economic</sup> ~~policy~~ reform package. As Secretary Baker pointed out in his address to the Annual Meetings, "general balance of payments loans will, of course, continue to be an essential component of virtually all new money packages," although the menu of financial options to facilitate commercial bank participation in such packages should be expanded.

*your letter. We appreciate your letter. We appreciate your letting us know*  
Thank you for ~~sharing your views with us.~~  
*of your concerns.* Sincerely,

B. Conable

M. Camdessus

cc: Cosignatories of letter of September 24.

The Honorable Jack Kemp  
U.S. House of Representatives  
Washington, D.C. 20515

RECEIVED  
INTERNATIONAL  
MONETARY FUND  
SEP 29 PM 12:22  
COMMUNICATIONS  
DIVISION

Congress of the United States  
House of Representatives  
Washington, DC 20515

000834 ✓

September 24, 1987

Mr. Michel Camdessus  
Managing Director  
International Monetary Fund  
700 19th St., N.W.  
Washington, D.C. 20431

ORIG: EXR ✓  
CC: MD  
DMD  
MR. DALLARA  
MR. WHITTOME  
MR. BEZA  
MR. GIANVITI  
SEC

Mr. Barber B. Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Messrs. Camdessus and Conable:

We wish to bring to your attention an issue worthy of being on the agenda for discussion at this year's IMF/World Bank annual meetings in Washington, D.C. It is the issue of continued multibillion dollar untied lending by Western commercial banks to government-owned banks of the Soviet Union and Eastern Europe. As you know, untied, general purpose loans have no underlying trade transactions, projects, or jobs. They are simply cash which can be used at the sole discretion of the borrowing country.

This form of Western lending to sovereign borrowers was one of the principal causes of the current international debt crisis, along with the collapse of commodity prices, disinflation and capital flight. With roughly \$650 billion in total debt outstanding of over 30 countries that have had debt service problems since 1982, the message is clear that the continuation of this kind of undisciplined bank lending to governments represents an unwise and even dangerous development.

A recent report prepared by the Washington-based Institute for International Finance, whose members include approximately 170 of the world's major commercial banks, recommends the phasing out of general purpose bank lending to sovereign borrowers in favor of a return to traditional, specific purpose lending. The irony is that this recommendation, which is consistent with our view, has been generally adopted by Western banks with the unfortunate exception of loans to East Bloc countries.

Several important developments have taken place over the past year which reinforce our concern. First, the total gross external indebtedness of the East Bloc countries reached about



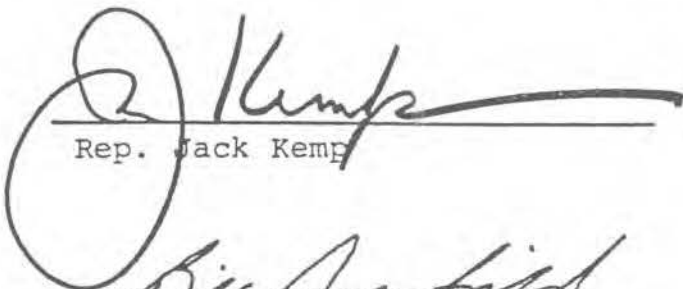
SEPTEMBER 15, 1987  
PAGE TWO

\$112 billion by year-end 1986 -- roughly the size of Brazil's total debt. Second, of the estimated \$12 billion in total loans to East Bloc banks by Western banks and governments in 1986, as much as two-thirds of this amount or more was in the form of untied cash credits. Third, the USSR has experienced an estimated 45% increase in its debt service ratio in just two years (1984 to 1986). Fourth, the USSR and Czechoslovakia currently receive an interest spread over the cost of funds of only 1/8 of 1% on medium term loans -- six or seven times cheaper than the comparable spreads offered major Latin American debtor nations. Fifth, largely because of depressed Soviet hard currency income, untied Western bank loans are, to some extent, being diverted by Moscow for purposes harmful to vital Western security interests. Finally, the Soviets, along with their Cuban and Nicaraguan allies, are stepping up their efforts to disrupt the West's management of the international debt crisis by publicly and privately calling on Latin American debtor nations to immediately repudiate their debt obligations to Western banks.

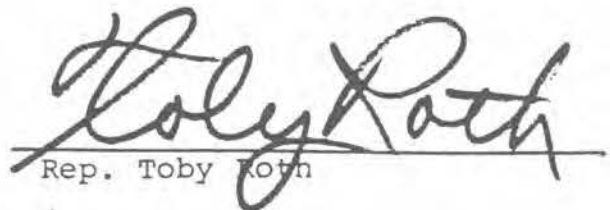
This issue is not entirely new. On June 2, 1987, 18 prominent Congressmen and Senators sent a letter to President Reagan urging him to raise this issue at the Venice Economic Summit and to seek agreement on a multilateral, voluntary approach to more disciplined and transparent lending by Western banks to East Bloc borrowers.

As coordinated allied action on this important financial issue is integrally connected to the successful management of the international debt crisis, we strongly urge you and your institutions to take the lead at the annual meetings in helping achieve these commercially prudent objectives.

Sincerely,



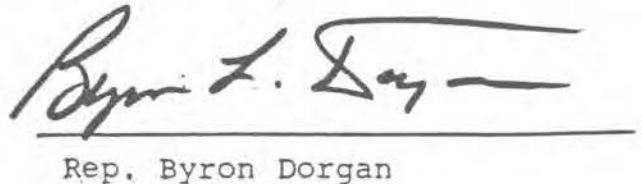
Rep. Jack Kemp



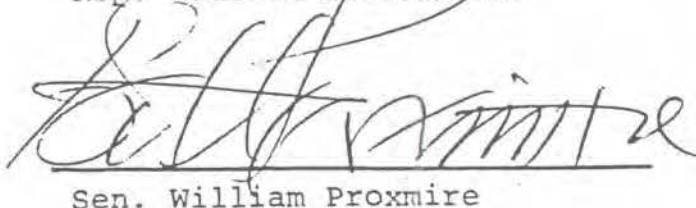
Rep. Toby Roth



Rep. William Broomfield



Rep. Byron Dorgan



Sen. William Proxmire



Rep. Beau Boulter



*George Wortley*

Rep. George Wortley

*Tom DeLay*

Rep. Tom DeLay

*John Porter*

Rep. John Porter

*Jake Garn*

Sen. Jake Garn

*Tom Lantos*

Rep. Tom Lantos

*Douglas Applegate*

Rep. Douglas Applegate

*Cass Ballenger*

Rep. Cass Ballenger

*Robert Lagomarsino*

Rep. Robert Lagomarsino

*Jon Kyl*

Rep. Jon Kyl

*Jim Courter*

Rep. Jim Courter

*Harry Hyde*

Rep. Harry Hyde

*Orrin Hatch*

Sen. Orrin Hatch

*John Heinz*

Sen. John Heinz

*Don Sundquist*

Rep. Don Sundquist

*Robert Kasten, Jr.*

Sen. Robert Kasten, Jr.

*Steve Symms*

Sen. Steve Symms

*Dick Cheney*

Rep. Dick Cheney

*Dennis DeConcini*

Sen. Dennis DeConcini

Mr. Michael Camdessus  
Managing Director  
International Monetary Fund  
700 19th St. N.W.  
Washington DC 20431

Mr. Barber Conable  
President  
The World Bank  
1818 H St NW  
Washington DC 20433



Dear Messrs. Camdessus and Conable:

We wish to bring to your attention an issue worthy of being on the agenda for discussion at this year's IMF/World Bank annual meetings in Washington, D.C. It is the issue of continued multibillion dollar untied lending by Western commercial banks to government-owned banks of the Soviet Union and Eastern Europe. As you know, untied, general purpose loans have no underlying trade transactions, projects, or jobs. They are simply cash which can be used at the sole discretion of the borrowing country.

This form of Western lending to sovereign borrowers was one of the principal causes of the current international debt crisis, along with the collapse of commodity prices, disinflation and capital flight. With roughly \$650 billion in total debt outstanding of over 30 countries that have had debt service problems since 1982, the message is clear that the continuation of this kind of undisciplined bank lending to governments represents an unwise and even dangerous development.

A recent report prepared by the Washington-based Institute for International Finance, whose members include approximately 170 of world's major commercial banks, recommends the phasing out of general purpose bank lending to sovereign borrowers in favor of a return to traditional, specific purpose lending. The irony is that this recommendation, which is consistent with our view, has been generally adopted by Western banks with unfortunate exception of loans to East Bloc countries.

Several important developments have taken place over the past year which reinforce our concern. First, the total gross external indebtedness of the East Bloc countries reached about \$112 billion by year-end 1986 -- roughly the size of Brazil's total debt. Second, of the estimated \$12 billion in total loans to East Bloc banks by Western banks and governments in 1986, as much as two-thirds of this amount or more was in the form of untied, cash credits. Third, the USSR has experienced an estimated 45% increase in its debt service ratio in just two years (1984 to 1986). Fourth, the USSR and Czechoslovakia currently receive an interest spread over the cost of funds of only 1/8 of 1% on medium term loans -- six or seven times cheaper



than the comparable spreads offered major Latin American debtor nations.

Fifth, largely because of depressed Soviet hard currency income, untied Western bank loans are, to some extent, being diverted by Moscow for purposes harmful to vital Western security interests. Finally, the Soviets, along with their Cuban and Nicaraguan allies, are stepping up their efforts to disrupt the West's management of the international debt crisis by publicly and privately calling on Latin American debtor nations to immediately repudiate their debt obligations to Western banks.

This issue is not entirely new. On June 2, 1987, 18 prominent Congressmen and Senators sent a letter to President Reagan urging him to raise this issue at the Venice Economic Summit and to seek agreement on a multilateral, voluntary approach to more disciplined and transparent lending by Western banks to East Bloc borrowers.

As coordinated allied action on this important financial issue is integrally connected to the successful management of the international debt crisis, we strongly urge you and your institutions to take the lead at the annual meetings in helping achieve these commercially prudent objectives.

NAME

ORGANIZATION

T. James E. Cox

Free the Eagle

David L. Hudson

The Conservative Caucus, Inc.

Paul M. Weyrich

Free Congress PAC

Thy L. W. W. W.

United States Defense Comm

John A. Tuto

Liberty Alliance

John A. Tuto

United States Defense Foundation

NAME

ORGANIZATION

Charles Parker N.H. Fed. of Am. Hungarians, Inc.

Daniel R. Gatz Washington Studies & Analysis

Joan L. Hunter National Association of Pro America

James Freedom Research Foundation

Geneva Waquist AMERICANS FOR TAX REFORM

Chloe Freedom League



# Congress of the United States

Washington, D.C. 20515

June 2, 1987

President Ronald Reagan  
The White House  
Washington, D.C.

Dear Mr. President,

Over the past year, Western commercial banks have made nearly \$4 billion in untied loans to the Soviet Union, loans not linked to any specific trade transaction or project. Another \$2 billion in other loans have been made, which in addition to interbank deposits are sources of hard currency to the Soviet Union and its allies. It is likely that the Soviet Union will soon seek to enter the Eurobond and other security markets, attracting capital from Western pension funds, insurance companies, and other corporations.

These untied cash loans free up scarce Soviet resources, or make available funds that can be directly diverted to finance aggression abroad and oppression and the military buildup at home. The Soviets are continuing their genocidal war against the people of Afghanistan, and through its surrogates are seeking to expand their military and political influence in nations on every continent. The record of Soviet financing of international terrorism and systematic denial of the rights of Soviet Jews, Christians, and ethnic minorities to freely emigrate is clearly established.

We strongly urge you to raise the specific issue of untied loans and Soviet access to Western capital at the Venice Summit. In particular, we would urge that you seek an allied agreement to hold a ministerial level conference to assess the effect on Western security interests and human rights policy in allowing the Soviet Union access to untied loans, and future access to the Eurobond and other security markets. The primary objective of the conference would be the development of a joint program to supervise and monitor the voluntary adoption of more disciplined lending policies by Western banks to the Soviet Union and its allies.

There is a clear precedent for such an effort. In the past, the nations represented at the Venice Summit have jointly undertaken efforts to protect human rights, combat terrorism, and place conditions on Western capital flows. These actions included: a call for strict implementation of the Helsinki Accords requiring freedom of movement and emigration with special

emphasis on travel for reunification of divided families; a number of joint efforts to combat terrorism; and the Organization of Economic Cooperation and Development's elimination of preferential terms on government backed credits to the Soviet Union.


Mr. President, we believe that the Venice Summit offers an important opportunity to develop a common policy governing Western capital flows to the Soviet Union. We urge you to seize this opportunity, and take a leadership role in developing a policy that will not only serve our own security and economic interests, but will support those individuals in the Soviet Union who are struggling for the most basic of human freedoms.

Sincerely,

  
Rep. Jack Kemp

  
Sen. Dennis DeConcini

  
Rep. Steny Hoyer

  
Sen. Robert Kasten

  
Rep. Wm. Brookfield

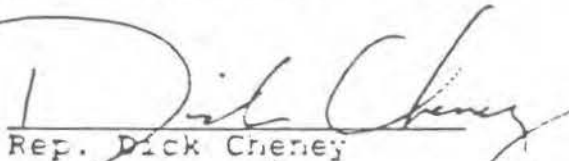
  
Sen. Gordon Humphrey

  
Rep. Chalmers Wylie

  
Sen. Howard Metzenbaum

  
Rep. Trent Lott

  
Sen. Phil Gramm

  
Rep. Dick Cheney

  
Sen. Malcolm Wallop

  
Rep. Tom Lantos

  
Sen. William Armstrong





JUL 31 1987

Dear Mr. Kemp:

I am responding on behalf of the President to the letter of June 2, 1987, which you and seventeen other congressmen and senators sent to express concern about Soviet access to Western credit markets and particularly borrowing of untied funds. You asked that the President raise this matter with our allies at the Venice Summit and urge them to adopt more disciplined lending policies toward the USSR.

As you know, the President had extensive discussions with allied leaders on a variety of important issues affecting our relations with the Soviet Union, including arms control, human rights and Gorbachev's domestic policy initiatives. He did not have the opportunity to exchange views specifically on the subject of Western lending policies toward the USSR. U.S. officials, however, have on other occasions reviewed Soviet financial developments with their counterparts in allied governments. These consultations will continue.

The Administration has long been at the forefront of efforts to tighten restrictions against subsidized financing from Western governments to the Soviet Union and its allies. In 1981, the Administration took the lead in building a consensus on the need to toughen restrictions on official subsidized credits to those countries. We focused in particular on subsidized lending for large infrastructure investments which would have a significant economic impact.

NATO and OECD countries subsequently agreed to tighter controls on official credits. This included an agreement among the participants in the OECD Export Credit Arrangement to upgrade the Soviet Union from a Category II to a Category I country, the group accorded the least generous export credit terms under the Arrangement. Earlier this year the Europeans proposed ending export credit subsidies altogether among the OECD Arrangement participants. At our insistence, the proposal, which takes effect July 15, 1988, was broadened to include the Soviet Union.

You note in your letter the possible negative consequences for Western interests of private untied credits to the Soviet Union since these funds increase the availability of resources to finance Soviet aggression abroad, and oppression and a military buildup at home. Such an argument can be made with respect to any

The Honorable  
Jack Kemp,  
House of Representatives.



financial or trade transaction between East and West, although it is difficult to make a direct link between Western lending and Soviet actions at home and abroad. There are, nonetheless, other factors which need to be considered as well in undertaking a comprehensive analysis of this issue.

The first is a practical one. Historically, attempts to regulate private capital flows between countries have generally proved to be ineffective. Money is fungible and tends to find ways of moving freely despite the existence of government controls in borrowing or lending countries. This is especially true today with the increasing integration of world financial markets and daily market flows exceeding \$200 billion.

Another factor is the lack of consensus on the need for such controls among allied countries. Europeans see stable trade and financial relations with the USSR as a key element in reducing East-West tensions. They are likely, therefore, to view efforts to tighten controls on lending to the Soviets as counterproductive "economic warfare." Given the Europeans' perspective, we see little hope of enlisting their cooperation in the present circumstances.

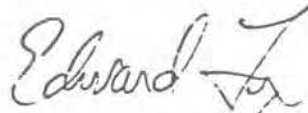
Even if multilateral capital controls could be made effective, we would still want to consider carefully their impact on other U.S. interests. As part of our policy of encouraging more constructive relations with the USSR and East European countries, we have been promoting mutually beneficial trade in non-strategic goods. While the controls which you mention in your letter are aimed at credits not directly tied to imports, a major new initiative in this area now would send a confusing message to the Soviets on U.S. policy. It is likely to inhibit rather than encourage constructive dialogue.

Finally, any new capital controls could have tangible adverse effects on U.S. capital markets. One reason we have been so successful in attracting capital from abroad is because investors see the U.S. as a nation of free markets which permit the free flow of resources. U.S. efforts to seek additional multilateral controls on private capital based primarily on political grounds could undermine foreign investor confidence in the U.S. and discourage the inflow of foreign funds that have become so vital to the growth of the U.S. economy. Such efforts would also weaken our ability to persuade other countries to remove capital controls motivated by economic self-interest.

For these reasons, therefore, we do not believe that it is in the U.S. interest to undertake any new multinational initiative on restricting Soviet access to Western credit markets. While we do not concur with your recommendation on the need for a ministerial conference, we intend to continue following Soviet financial developments closely and exchanging views with allied governments on how we can best serve and protect Western interests.

With best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Edward Fox".

J. Edward Fox  
Assistant Secretary  
Legislative and Intergovernmental Affairs



INTERNATIONAL MONETARY FUND  
WASHINGTON, D. C. 20431

CABLE ADDRESS  
INTERFUND

November 2, 1987

Dear Sir:

In late September, your organization and others signed a letter addressed jointly to Messrs. Camdessus and Conable urging them to place the issue of "continued multibillion dollar untied lending by Western commercial banks to government-owned banks of the Soviet Union and Eastern Europe" on the agenda of this year's IMF/World Bank Annual Meetings. As you may be aware, Congressman Jack Kemp and some of his colleagues also sent a letter identical to yours to Messrs. Camdessus and Conable. Enclosed for your information is a copy of the joint response of the World Bank and International Monetary Fund.

Sincerely,

*A. F. Mohammed*

Azizali F. Mohammed

Director

External Relations Department

11/3/87

Enclosure

Office of Mr. Conable

Free the Eagle  
Suite 560  
214 Massachusetts Ave.,  
Washington, D.C. 20002

This letter was sent to the organizations\* listed in Congressman Kemp's letter of Sept. 24, together with the response signed jointly by Mr. Conable and Mr. Camdessus.

*RWR*

Robert W. Russell  
Senior External Relations Off.  
IMF

\*(for which there was a known address)



INTERNATIONAL MONETARY FUND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION INTERNATIONAL DEVELOPMENT ASSOCIATION

Washington, D.C. 20431

October 26, 1987

The Honorable Jack Kemp  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative Kemp:

The letter dated September 24, 1987, signed by you and your colleagues arrived during the Annual Meetings of the World Bank and the International Monetary Fund. The agenda for the Annual Meetings is established by the Governors of the Bank and Fund (Finance Ministers and heads of Central Banks, for the most part), and includes opportunities for Governors to speak on subjects they consider important to the world economy. As you know, President Reagan and Secretary of Treasury Baker both addressed the Annual Meetings. Neither they nor other speakers raised the subject proposed in your letter for discussion at the Annual Meetings -- untied loans from Western commercial banks to the Soviet Union and Eastern European countries.

There are several reasons why this subject may not have been discussed. First, neither the Bank nor the Fund has authority to regulate the lending activities of commercial banks; such regulation is within the competence of national authorities. Second, both the Bank and the Fund advise member governments to be prudent when they borrow and to use borrowed resources efficiently, whether or not the loans are tied. Third, many of the countries which seem to be of greatest concern to you and your colleagues (the Soviet Union, Czechoslovakia, and Cuba, for example) are not members of the Bank and Fund, and are, therefore, beyond the scope of the Fund's economic surveillance and ineligible to draw upon the resources of either the Fund or Bank. Fourth, when member countries do seek the support of the Bank and Fund for their economic reform programs -- Yugoslavia's 1983 program is an example -- some additional lending from commercial banks may be an essential part of the overall financial and economic reform package. As Secretary Baker pointed out in his address to the Annual Meetings, "general balance of payments loans will, of course, continue to be an essential component of virtually all new money packages," although the menu of financial options to facilitate commercial bank participation in such packages should be expanded.

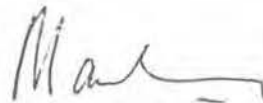
The Honorable Jack Kemp  
October 26, 1987  
Page 2

Thank you for your letter. We appreciate your letting us know  
of your concerns.

Sincerely,



B. Conable



M. Camdessus

cc: Cosignatories of letter of September 24

B ✓

MHA-741  
19

October 13, 1987

Note to: Mr. Conable

RE: Congressman Don Ritter/  
Fuller International

The office of Don Ritter (R-PA.) has sought assistance in having the World Bank refuse approval of a contract award by India Cement Ltd. for modernization of its Sankarnagar Works. Fuller International of Bethlehem, PA. contends it was low bidder at Rs 421 Million (\$35 Million) but contract has been awarded to Bauckau Wolf of West Germany at Rs 465 Million. Bidding was done through Indian affiliates. Award was based on a rating system which Fuller contends was improperly applied. Central to dispute is quality of Leeds and Northrup electrical segment in Fuller proposal versus use of Siemens by Buckau Wold.

Raghavan Srinivasan, chief procurement officer of the Bank, reports that the ratings process (not substance) was thoroughly reviewed before Bank approval. Another meeting was held on the ratings today and will be further discussed with the Director for India. The U.S. ED has requested careful review of the ratings process and is following.

  
Harry K. Nicholas

HAVE ADVISED JWS-HN



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 28, 1987

Dear Don:

Thank you for your letters of October 20 and 21 concerning procurement in the case of India Cements, Ltd. on which Fuller International of Bethlehem, Pa. was a bidder. The World Bank is participating in financing of this project.

As you mention, several meetings were held to discuss the protest of Fuller International, your constituent, of the award of this contract. At the first meeting Mr. Bilsel Alisbah, Director of the Bank's India Department, explained that he had conducted a full review of this matter in response to Mr. Robert Keating's earlier request. We had thought that all the points raised by Fuller International had been fully answered. However, an additional meeting was held with you and Mr. Elmer Gates, Chairman, Fuller International, on October 21, when he was given an opportunity to discuss in detail with the Bank's chief procurement adviser the basis for the Bank's decision. Now, on October 26, Mr. Gates has furnished a detailed written legal assessment of the award decision and I have directed that a careful and thorough examination be made of it. I will let you know the outcome of our review.

Let me provide some background on this case and on our procurement procedures generally. In this case, the bid evaluation report prepared by the borrower, a private sector company, was received in the Bank more than two months ago and was thoroughly reviewed. In the process, a number of clarifications were sought from the borrower. The Bank advised on September 29, in accordance with its usual procedures, that it had "no objection" to the borrower's proposal for awarding the contract. Based on this the borrower awarded the contract to the successful bidder. Thus the issue which was addressed in our review was not whether we should allow the award to become final but whether the Bank should withdraw the "no objection" decision and require the borrower to cancel the award.

The review conducted by Mr. Alisbah included the points raised by Mr. Gates that were set forth in your letter, as well as other points which have arisen in letters and telexes which we have received directly from Fuller International and other companies that were associated with it. Together with our procurement staff, Mr. Alisbah met Mr. S.L. Kapoor, Vice President of Sales from Fuller

The Honorable Don Ritter  
October 28, 1987  
Page -2-

International, as well as Mr. Dale Schell of Schell and Company and he has assured me that their views have been fully taken into account. As explained by the responsible Bank officers, the review concluded that the evaluation made by the technical consultant, a well-known and highly-respected British firm, was consistent with the criteria and procedures outlined in the bidding document, was fair and reasonable and was accepted and confirmed by the borrower. In the view of our staff experts, the various letters and telexes that we received raised no additional points of substance that were not carefully considered.

The Bank's procurement procedures, which have evolved over a number of years, take great pains to ensure that bidders on Bank projects are treated fairly. Our procurement staff has an excellent reputation for technical soundness and impartiality. Under these procedures U.S. firms have received \$3.8 billion in disbursements over the past three years for contracts awarded to them. This represents 18% of all disbursements relating to foreign procurement. But it bears repeating that it is our borrowers, not the Bank, which carry out procurement and make contract awards. The Bank doesn't substitute its judgment for the borrowers; its role is limited to making sure that the evaluation conducted by the borrower is in accordance with the procedures and criteria specified in the bidding documents and that the judgments, if any, exercised by the borrower are fair and reasonable. It was our conclusion that they are, but this will be re-examined on the basis of Mr. Gates' letter and legal opinions of the 26th.

I understand your special interest in this contract, and trust this letter explains the Bank's role in reviewing it.

Yours sincerely,

(Signed) Barber B. Conable

The Honorable Don Ritter  
Member of Congress  
House of Representatives  
Washington, D.C. 20515

cc: Mr. Robert Keating, U.S. Executive Director

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/10/20 DUE DATE : 87/10/28  
LOG NUMBER : 871020013 FROM : Don Ritter  
SUBJECT : Letter re: Bid of Fuller-KCP Ltd. for moderization of  
Sankarnagar Works in India.  
OFFICE ASSIGNED TO FOR ACTION : External Affairs (E-8065)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_ ✓ PLEASE PREPARE RESPONSE FOR BBC'S SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : cc: Ambassador Keating.

Attention: Harry Nicholas.



**DON RITTER**

15TH DISTRICT, PENNSYLVANIA

**ENERGY AND  
COMMERCE COMMITTEE**

## SUBCOMMITTEES

COMMERCE, CONSUMER PROTECTION  
AND COMPETITIVENESS

TELECOMMUNICATIONS AND FINANCE

**SCIENCE, SPACE, AND  
TECHNOLOGY COMMITTEE**

## SUBCOMMITTEES

SCIENCE, RESEARCH, AND TECHNOLOGY

INVESTIGATIONS AND OVERSIGHT  
VICE CHAIRMAN

**Congress of the United States**  
**House of Representatives**  
 Washington, DC 20515

2447 RAYBURN OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-8411

## DISTRICT OFFICES:

## SUITE 300

2 BETHLEHEM PLAZA  
BETHLEHEM, PA 18018  
(215) 866-0916HOTEL TRAYLOR, SUITE 208  
1444 HAMILTON STREET  
ALLENTOWN, PA 18102  
(215) 439-8861

## ROOM 705

ALPHA BUILDING  
EASTON, PA 18042  
(215) 258-8383

October 20, 1987

The Honorable Barber B. Conable, Jr.  
 President  
 World Bank  
 1818 H Street, N. W.  
 Washington, D. C. 20433

Dear Barber:

I want to take this opportunity to convey my deep appreciation to Ambassador Robert Keating for arranging a meeting in his office on October 15, 1987 which included my AA, Jim Cromwell, and key officials from the World Bank concerning the bid protest of Fuller-KCP Ltd. for modernization of Sankarnagar Works in India. After reviewing Jim's briefing memo of that meeting, Fuller President, Elmer Gates, still feels very strongly that additional merit points should not have been awarded to Buckau-Wolf in the area of "parts."

One of the reasons Buckau-Wolf received extra points in this area for using Seimens as the control systems supplier was because Seimens had experience in a cement plant while Leeds & Northrup (L&N-Fuller's supplier) did not. I am advised that this information is not accurate as L&N is operating satisfactorily at Rajsharee Cement. Also, since Leeds & Northrup was listed as a qualified buyer in the tender documents it is felt the burden is on India Cement to also state in the tender documents that additional merit points will be given for specifically mentioning alternative control systems suppliers since the contrary is implied.

Barber, an equal rating on just these two points will give the award to Fuller, so you can see why they feel it is in the best interests for all concerned to give additional consideration to this protest. While I know this matter has received considerable attention already, I would appreciate your personal review of this tender with Ambassador Keating and the other World Bank officials who I know have agonized over this and want to make sure that a fair decision is made.

I am very grateful that another meeting has be set for tomorrow at 4:00 pm with Elmer Gates and key officials of the World Bank. Please let me know your findings in this matter before the award is offically announced.

With best wishes,

Sincerely,



DON RITTER  
Member of Congress

DLR:jc

cc: Ambassador Keating

*I'm going to try and  
be there if voting schedule  
allows. Elmer's company  
is as good a global  
competitor as I've seen.  
This is a real blow to them  
and just seems unfair wrong*

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/10/21 DUE DATE : 00/00/00  
LOG NUMBER : 871023006 FROM : Don Ritter  
SUBJECT : Follow-up to his earlier letter of Oct. 20 on Bid of Fuller-KCP  
Ltd., for project in India.  
OFFICE ASSIGNED TO FOR ACTION : External Affairs (E-8065)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : Attention: Harry Nicholas (refer to previous letter of Oct. 20  
EXC87-10-20-013 where response is being prepared for BBC's sign.)



DON RITTER

15TH DISTRICT, PENNSYLVANIA

ENERGY AND  
COMMERCE COMMITTEE

SUBCOMMITTEES  
COMMERCE, CONSUMER PROTECTION  
AND COMPETITIVENESS  
TELECOMMUNICATIONS AND FINANCE

SCIENCE, SPACE, AND  
TECHNOLOGY COMMITTEE

SUBCOMMITTEES  
SCIENCE, RESEARCH, AND TECHNOLOGY  
INVESTIGATIONS AND OVERSIGHT  
VICE CHAIRMAN



Congress of the United States  
House of Representatives  
Washington, DC 20515

October 21, 1987

2447 RAYBURN OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-6411

DISTRICT OFFICES:

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(215) 439-8861

ROOM 705  
ALPHA BUILDING  
EASTON, PA 18042  
(215) 258-8383

The Honorable Barber B. Conable, Jr.  
President  
World Bank  
1818 H Street, N. W.  
Washington, D. C. 20433

Dear Barber:

This is a follow up to my letter to you of October 20, 1987 and to advise you that I did attend the meeting this morning in Ambassador Keating's office along with Elmer Gates, President of Fuller. In addition to the conference we had with World Bank officials, primarily Mr. R. Srinivasen, I was able to visit briefly with Harry Nicholas prior to the meeting.

After you review the documents, I think you will agree that there were enough questionable practices involved in the analysis and evaluation of the India Cement expansion project, financed by World Bank, that the "letter of no objection" should be withheld pending a more objective review, or, until the job is rebid using criteria which may not be arbitrarily adjusted to a point where World Bank policies are circumvented.

I understand that Ron Myers, Ambassador Keating's aide also present at the conference, is presently arranging another meeting to resolve this matter and I hope your schedule will permit you to attend.

Sincerely,

DON RITTER  
Member of Congress

Barber - Thanks for  
your attention to  
this. It's real important  
to my district.

DLR:jc  
COMMISSION ON SECURITY AND  
COOPERATION IN EUROPE  
(HELSINKI COMMISSION)  
RANKING HOUSE MINORITY MEMBER

CHAIRMAN—REPUBLICAN TASK FORCE  
ON HIGH TECHNOLOGY  
AND COMPETITIVENESS

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 4, 1987

Dear Mickey:

I am writing to report on our review of the procurement award by India Cements Ltd. for its Sangarnagar Works modernization project. Fuller International, Inc. protested this award.

As promised, I directed our procurement and legal experts to conduct a careful and thorough examination of the points raised by Mr. Elmer Gates, Chairman of Fuller International Inc., and his legal adviser. These Bank officials carried out a careful analysis of the objections raised to the approval of the award.

It was the Bank's finding that the evaluation of proposals by a British consulting firm and award of the contract by the Indian borrower were in compliance with the accepted criteria and procedures outlined in the bidding documents and did not warrant a reversal of our "no objection" decision of September 29. The Bank's borrowers possess the primary responsibility for procurement decisions on their projects, while the Bank's responsibility is to determine that Bank-approved procedures and criteria are employed in making those decisions. In this case our legal and procurement experts examined carefully each of the objections raised by Fuller International, Inc. to the evaluation of the bids, and found that the decisions were appropriate and reasonable and in accordance with both the Bank's approved procedures and the terms of the bidding documents. The Bank's staff discussed the objections earlier with officials of Fuller International and is prepared to discuss all aspects of our review with them, if they so wish.

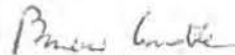
The initial commitment of payments by India Cements Ltd. to the successful bidder in early October was made after the Bank conveyed its "no objection" to the award to India Cements Ltd. on September 29, and thus was done quite properly. Had our review brought facts to light which put the award decision in question, the Bank would have retroactively reopened the "no objection" position. However, the review confirmed the appropriateness of decisions taken by the borrower.

The Honorable Mickey Edwards  
December 4, 1987  
Page 2

We recognize the disappointment of any bidders who fail by a narrow margin to receive a project award. Nevertheless, I hope that Fuller International will continue its interest in World Bank-supported projects despite the outcome of this bidding. U.S. companies have received \$3.8 Billion in disbursements in the past three years from their participation in such projects and will surely be successful on others in the future.

My best regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Mickey Edwards".

The Honorable Mickey Edwards  
United States House of Representatives  
2434 Rayburn House Office Building  
Washington D.C. 20515



10/10/10

DUE DATE : 87/12/16

FROM : Mickey Edwards (MOC)

OFFICE ASSIGNED TO FOR ACTION : External Affairs (E-8065)

✓

RETURN TO

BBC's

SIGNATURE

COMMENTS : cc: Mr. Qureshi

MICKEY EDWARDS  
FIFTH DISTRICT, OKLAHOMA

COMMITTEES:

APPROPRIATIONS

SUBCOMMITTEE ASSIGNMENTS:

FOREIGN OPERATIONS (VICE CHAIRMAN)

MILITARY CONSTRUCTION

BUDGET

TASK FORCES:

COMMUNITY AND NATURAL RESOURCES

DEFENSE AND INTERNATIONAL AFFAIRS

ECONOMIC AND TRADE POLICY

BUDGET PROCESS

VICKI LOVE MARTYAK  
CHIEF OF STAFF

Congress of the United States  
House of Representatives  
Washington, DC 20515

2434 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-2132

DISTRICT OFFICES:

1200 SE FRANK PHILLIPS BOULEVARD  
SUITE 101  
BARTLESVILLE, OK 74003  
(918) 338-5436

900 NW 63RD, SUITE 105  
OKLAHOMA CITY, OK 73116  
(405) 231-4541

114 NORTH 4TH, SUITE 105  
PONCA CITY, OK 74601  
(405) 762-8121

November 25, 1987

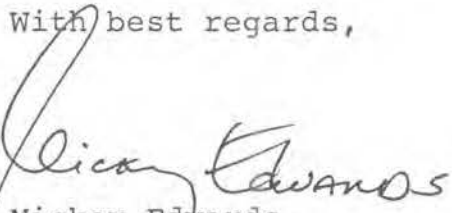
Honorable Barber Conable, Jr.  
President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I understand you have requested a review of the World Bank's procurement standards involved in the Fuller/India Cements case. I have been informed about the details of this case and believe the Bank's competitive bidding process deserves such a review.

I look forward to hearing the results of your findings.

With best regards,

  
Mickey Edwards  
Member of Congress

MHE/jdp

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 18, 1987

Dear Sonny:

I am writing in response to your letter regarding lending by the World Bank for nitrogen fertilizer production. You raised central questions which I am pleased to have an opportunity to discuss.

It is the Bank's policy to evaluate carefully all loan requests to determine that proposed projects are efficient, price sensitive, contain adequate rates of return and serve a desirable purpose. Evaluation of these elements is admittedly difficult and uncertain but the Bank is continuously seeking to refine and improve its evaluation methods. Fertilizer prices have fluctuated widely in the past decade, for example, demonstrating the difficulties of evaluation. In making demand and price forecasts, we now use a complex model which includes such diverse factors as U.S. farm policy and subsidy programs in both OECD and developing countries; I need not tell you of their heavy, if uncertain, impact.

The Bank's recent involvement in fertilizer projects has been directed largely to reorganizing and modernizing existing facilities rather than constructing new capacity. The last financing of a new plant in which the Bank participated occurred in India 18 months ago. We have been encouraging plant restructuring, pricing reform, removal of subsidies and trade liberalization to assist developing countries. In this way, we believe the countries are better served than by continuing plant expansion.

Improvement of food production in the poor, developing countries is one of the basic means of pursuing the Bank's primary goal of reducing poverty. It is an area in which they are able to help themselves with external assistance. Fertilizer is one element in that effort. While projects to produce basic commodities in developing countries are sometimes viewed as inappropriate on grounds of existing worldwide surplus, studies reveal that the resulting rise in incomes of those countries has been the most dynamic source of demand for imports of other primary products from abroad. Projections are that expansion of those economies provides the brightest prospect for expanding their total import markets in the future.

We agree on the need for continuing broad consultation on these matters. The Bank regularly analyzes the global supply/demand and price projections for fertilizer on the basis of detailed consultations with those organizations heavily involved in the field. The International Fertilizer Association, the Fertilizer Institute, TVA, FAO and the International Fertilizer Development Center all bring their information and experience to this effort. On the basis of these consultations, we update our forecasts semi-annually.



I have encouraged my staff to continue our active dialogue with all fertilizer groups. In line with this policy, we held a seminar on fertilizer issues in September with the International Fertilizer Association; it was well attended by U.S. fertilizer industry officials. I expect this kind of cooperation to continue.

With kind regards.

Sincerely yours,

*Bruce L. Cook*

The Honorable G.V. "Sonny" Montgomery  
United States House of Representatives  
2184 Rayburn House Office Building  
Washington, D.C. 20015

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/11/30 DUE DATE : 87/12/16  
LOG NUMBER : 871202005 FROM : Gillespie Montgomery  
SUBJECT : Re: World Bank loans to build additional nitrogen plants at a  
time when serious world oversupply of nitrogen fertilizers exist.  
OFFICE ASSIGNED TO FOR ACTION : External Affairs (E-8065)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : cc: Mr. Qureshi & Hopper

*1/16/88*

COMMITTEES:  
VETERANS' AFFAIRS  
CHAIRMAN  
ARMED SERVICES

ADMINISTRATIVE ASSISTANT:  
ANDRE CLEMANDOT

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**  
November 30, 1987

Honorable Barber B. Conable, President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington, D. C. 20433

Dear Barber:

Based on information which has come to my attention, it would appear that the World Bank is continuing to make loans to build additional nitrogen plants at a time when there is a serious world oversupply of nitrogen fertilizers.

I would most strongly urge that you reconsider this policy since it would appear that the Bank is financing projects to produce a product for which there is no market or for which the price would be greatly depressed. In order to improve the economic vitality of Third World Countries, I would think the Bank would be better able to meet its purpose by financing those projects for which there is a greater return on the money invested and hold more hope for a long term return.

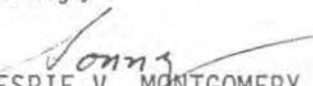
Of equal concern to me is the effect the current policy of the Bank is having on the U.S. nitrogen industry. America has always been a major benefactor and strong supporter of World Bank activities. However, our government never intended for the policies of the Bank to be detrimental to domestic firms.

I am aware of recent reports released by the Bank indicating a serious nitrogen shortfall into the 1990's. However, this report by the Bank is not borne out by statistical data and projections of the Fertilizer Institute and the TVA Fertilizer Center. I would strongly urge that you direct your staff to review their recent report on world nitrogen supply and make certain that they have the best data possible and have consulted with experts in the field to make certain that their projections are not inappropriate and as a result causing bad loan decisions.

Barber, I would really appreciate your attention to this very serious matter and would respectfully request your assistance in correcting what I feel is a misguided policy on the part of the Bank.

Many thanks for your consideration.

Sincerely,

  
GILLESPIE V. MONTGOMERY  
Member of Congress

*Thanks Barber*

GVM:ac  
cc: Secretary James A. Baker, III



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 25, 1988

Dear John:

One of my purposes is to increase the understanding among key Congressmen of the activities of the International Finance Corporation, an affiliate of the World Bank. It is the agency which focuses entirely on aiding the private sector in the developing countries and, as such, should have strong support from a market-oriented country such as ours. As you know, that hasn't always been the case in Congress:

I have asked William Ryrie, the executive director of the IFC, to talk with key Members of Congress about the work of the agency. I know that you have an interest in the IFC and I am writing to ask if you would be willing to have lunch with Bill Ryrie or meet at another time to talk about IFC and to enable him to respond to your questions and suggestions. I believe it could be mutually beneficial. I will ask Harry Nicholas of our staff to follow up with your administrative assistant during the next week to learn your reply.

With all good wishes.

Sincerely yours,

*Barber Conable*

The Honorable John E. Porter  
U.S. House of Representatives  
1501 Longworth House Office Building  
Washington, D.C. 20515

cc: H. Nicholas

Chion

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 18, 1988

The Honorable John P. Murtha  
The Honorable Ralph Regula  
House of Representatives  
Washington, D.C. 20515

Dear Congressmen:

Thank you for your recent letter regarding a World Bank loan to Mexico. As I'm sure you know, on March 3, 1988, the Bank's Board of Directors approved a \$400 million loan for the restructuring of the Mexican steel industry. This steel loan is one of several Bank operations in support of the Government of Mexico's 1986-87 growth-oriented adjustment program. We are helping the government undertake a major structural reform of its economy, so as to facilitate the resumption of sustained economic growth. This growth is in the best interests not only of Mexico, but of the industrialized world as well.

The Bank's operations support trade liberalization, price decontrol and private sector promotion in the agricultural, industrial and parastatal (steel and fertilizer) sectors. Our recent steel loan was a key element of this overall program, as the steel industry is an important part of Mexico's manufacturing sector. It has a crucial impact on the availability, quality and cost of material inputs for downstream manufacturing activities, particularly the engineering and capital goods industries.

The loan is designed to assist the Government of Mexico in implementing comprehensive policy reforms in both the public and private steel sectors. Overall the restructuring process will result in a reduction of steel-making capacity of approximately 20 per cent (including closure of uneconomic plants), almost exclusively in the public sector, while allowing the industry to raise utilization of existing capacity and concentrate its product lines in competitive

market segments. The loan will assist the domestic industry to compete without subsidy in a liberalized domestic market at internationally competitive prices. The key elements of the reform program include:

- Further opening of the steel market in Mexico. Tariffs will be reduced and equalized on all steel products, so that foreign producers will be on a more equal footing with domestic producers.
- Complete deregulation of steel prices in order to provide the incentive for market-driven performance and investment, particularly in the private sector.
- Organizational and physical restructuring of the public sector producers. This includes a shift in product mix, balancing and technically upgrading potentially efficient operations and an overall reduction in steel making capacity.
- Financial and physical restructuring in the private sector. This includes improvements in performance and efficiency in existing facilities so as to exploit their competitive advantages and resources.
- Continued policy dialogue and strategic planning designed to limit public sector investment while encouraging private sector investments to make up future gaps between production and domestic demand.

In sum, we believe that this loan is a vitally important component of Mexico's long term program for renewed growth. However, we also believe that the loan is attractive from a U.S. perspective. It will provide significant financing for imports, presumably to a large extent coming from the United States. It provides a new market for U.S. exports of steel-making equipment. It will indirectly assist Mexico-based U.S. consumers of steel products such as IBM, General Motors and Ford Motor Company. Finally, we are helping the Mexican government to do exactly what the U.S. has been pressing them to do for years - to reduce tariffs, eliminate price controls, and facilitate private sector production.

I understand that this project raises a number of difficult and complex issues. However, I firmly believe that the economic benefits far outweigh the costs. I know that our perspectives are necessarily somewhat different on the merits of this particular loan.

However, I believe we share a commitment to the importance of the resumption of growth in the developing world - and particularly in Mexico, one of the United States' most important trading partners.

I do not wish to underplay the importance of your concerns. You raise a number of questions which cannot be adequately addressed in a letter such as this. I would be happy to sit down with you and your colleagues to discuss these with you. The Bank staff is likewise available to meet with you at your convenience. We may not always agree on a specific issue, but we are always ready to listen and to learn.

All best wishes.

Sincerely,

A handwritten signature in dark ink, appearing to read "Barber B. Conable". The signature is fluid and cursive, with the first name "Barber" being more prominent than the last name "Conable".

Barber B. Conable  
President



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

JWS  
MH  
BBC

Logged 3/3 of

CORRESPONDANCE DATE : 88/03/01 DUE DATE : 88/03/08  
LOG NUMBER : 880302013 FROM : John Murtha & Ralph  
SUBJECT : Re: Loan of \$400 million to Mexico for steel project.

OFFICE ASSIGNED TO FOR ACTION : External Affairs (E-8065)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_ ✓ PLEASE PREPARE RESPONSE FOR BBC'S SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : cc: Mr. Qureshi



Sent to Maguire for preparation of quick  
response in consultation with Steekman.  
JWS

3/1/88

logged &  
closed file  
3/21/88  
my

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

**CONGRESSIONAL STEEL CAUCUS**

March 1, 1988

Mr. Barber B. Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. President:

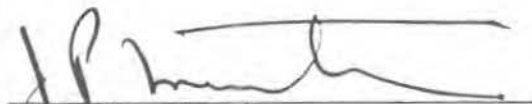
On behalf of the Members of the Steel Caucus, we want to express our opposition to the pending \$400 million, low interest, loan to Mexico.

Seventy-five percent of the loan amount will directly aid Mexico's steel industry. We fail to see any economic considerations behind the World Bank granting this loan. Approximately \$300 million of the loan is for the express purpose of compensating Mexico for rationalizing and modernizing its steel industry. In our view, financial support of this nature can only be viewed as an international subsidy designed to provide Mexico with a competitive advantage in the world steel market. Therefore, we fail to see where this loan is in keeping with the Bank's charter.

Currently, there exists a worldwide problem of excess steel making capacity. In response to market pressures, Mexico, like a multitude of other countries, including the U.S., have rationalized their steel industries, cutting capacity and production. Industrial rationalization, under market pressures, is a natural economic phenomenon. Therefore, we fail to see the uniqueness of Mexico's situation that allows for its steel industry to receive financial compensation from the world's leading international lending institution.

We strongly urge, therefore, that the world bank reconsider its position in granting this particular loan to Mexico.

Sincerely,

  
John P. Murtha

  
Ralph Reguza

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

August 18, 1987

Dear Jerry:

As requested in your letter of July 22, I am sending you a brief note (attached) on economic conditions in Sierra Leone. I think it gives a reasonably good overview of the economy and recent developments there. If you want more extensive information on any particular aspect, we will try to supply that as well.

I look forward to visiting with you soon.

Sincerely,

(Signed) Barber B. Conable

The Honorable Jerry Huckaby  
U.S. House of Representatives  
2421 Rayburn House Office Building  
Washington, D.C. 20515

Attachment:

Greese/LRamirez:bp

*logged mt  
8/18/87  
C.P.*

## SIERRA LEONE

### Structural Characteristics

1. Sierra Leone, classified as a "least-developed" country by the UN, has a population of 3.7 million (1985), growing at 2.2 percent a year. The per capita income, which has declined nearly 2 percent a year since 1980, was estimated at US\$300 in 1985. The distribution of income is markedly uneven, and over two-thirds of the population are estimated to live in absolute poverty.
2. Agriculture, the dominant sector, provides employment to more than two-thirds of the labor force but accounts for only about 42 percent of GDP. Rice, the staple food, is grown by more than 80 percent of the farmers but has been imported in steadily increasing quantities since the late 1970s. Coffee, cocoa and oil palm are the major export crops. In the important mining sector (8 percent of GDP), diamonds predominate. Official diamond exports, however, have been steadily declining; in FY86 they accounted for only 20 percent of total exports as against 50-60 percent in the 1970s. Other mineral exports are bauxite, rutile, and gold. A sizeable portion of diamond and gold exports has always been exported through the parallel market and has thus gone unrecorded. The industrial sector is small (6 percent of GDP) and consists largely of import substituting industries. It employs about 2 percent of the labor force. Services account for 42 percent of GDP, comprising mainly transport, communications, insurance, finance, and government services.
3. Sierra Leone's economic and social infrastructure is not well developed. While the main road network is generally adequate, feeder roads are often lacking, and maintenance is poor. The country has good hydro-electric power potential but resource constraints have prevented investment in this area. Human resources development has been neglected. The literacy rate is only 15 percent, and life expectancy is estimated at about 38 years, both among the lowest levels in the world. The primary school enrollment ratio, at 41 percent of the eligible age group, is far below the average of about 75 percent for the low-income Sub-Saharan African countries. Although Sierra Leone has a reasonably sound administrative structure with adequate managerial and professional skills at the highest levels, skills at the middle and lower levels are generally quite weak, adversely affecting implementation capacity.

### Economic Performance 1962-1983

4. GDP growth during the first decade of independence (1962-72) was impressive at nearly 4 percent a year. The fiscal and foreign exchange position was not comfortable. Even after the first oil price shock in 1973, the economy managed to grow at over 3 percent a year during 1972-75. GDP growth slowed to under 2 percent a year during 1975-80 mainly because of a decline in diamond output as a result of the depletion of alluvial deposits and the closure between 1975 and 1982 of the only iron ore mine.
5. The situation worsened during 1980-83. Agricultural output fell and mineral output dropped still further. GDP growth stagnated; per



capital income fell. The terms of trade declined sharply. A thriving parallel market absorbed most trade and foreign exchange from official channels. At the same time, the debt service obligations of the Government increased sharply because of imprudent borrowing in the late 1970s. Domestic savings declined as a result of the stagnating economy and high levels of Government consumption, and the tax ratio dropped sharply.

#### Recent Economic Performance

6. The country's economic situation has continued to deteriorate since 1983. There are no reliable current data on the national accounts because of the rapid diversion in recent years of production and exports to the parallel economy. What little data there is suggests continuing stagnation in the gross domestic product resulting in a decline in per capita incomes through FY86. Production data for the agricultural sector are not reliable. However purchases by the Sierra Leone Produce Marketing Board of the main export crops (coffee, cocoa, and palm kernels) have been declining due to the fall in real producer prices. Rice production has failed to keep pace with demand resulting in increased dependence on rice imports. In the minerals sector, recorded production of diamonds and gold has varied markedly in recent years due to a continuing high incidence of smuggling and parallel market activity. Output of bauxite and rutile expanded steadily through 1984/85 but declined in 1985/86 due to depressed world market demand. Iron ore production, after resuming briefly, ceased once again on account of financial and technical difficulties. Manufacturing activity has stagnated due to shortage of foreign exchange.

7. Fiscal Performance. There has been a sharp deterioration in the revenue performance with revenues declining as a share of GDP from 12 percent in 1981/82 to around 7 percent in 1985/86. This lack of buoyancy was due to a shrinking tax base arising from the appreciation of the exchange rate, the thriving parallel market, the reliance on specific rather than ad valorem duties on key products and the many exemptions granted from import and profits taxation. Government expenditures declined in the early years of the current decade, but rose sharply in FY85 and FY86 largely as a result of the growth of the subsidies on petroleum products (6 percent of 1985/86 GDP) and rice, rising debt service payments, subsidies to state enterprises, and extra budgetary expenditures. Although the share of wages and salaries in total expenditure has been increasing, this component has been declining as a proportion of GDP, as have expenditures on other goods and services. Development expenditure has also been declining. Nonetheless, with total expenditures rising sharply while revenues declined, the overall budget deficit on a commitment basis reached 15.5 percent of GDP in 1985/86.

8. Money and Prices. Despite the stagnation in output, overall monetary and credit developments have been highly expansionary in recent years. Broad money growth in 1985/86 was 76 percent, after a 55 percent increase in 1984/85. The main causal factor was a rapid expansion in credit to the government. By June 1986, credit to the government accounted for 90 percent of total domestic credit outstanding. The private sector

has been crowded out since much of the modest expansion in credit to "the rest of the economy" went to state-owned enterprises. These developments have contributed to inflation levels of 77 and 70 percent respectively in FY85 and FY86. Interest rates have become sharply negative in real terms.

9. Balance of Payments. The overall balance of payments deficit widened to SDR 70 million in 1985/86, from SDR 43 million in 1984/85. This was mainly due to the behavior of the capital account, since the current account deficit narrowed as both exports and imports declined, reflecting in part the diversion of foreign trade to the parallel market. The capital account outcome in 1985/86 reflected both amortization payments and capital flight. The overall deficit was financed essentially through an accrual of external arrears which rose by SDR 74 million to SDR 312 million by end June 1986. Gross reserves of SDR 8 million at end June 1986 were less than three weeks of imports.

10. External Debt and Credit-worthiness. Sierra Leone has relied heavily on foreign borrowing to finance its capital expenditures. External debt outstanding and disbursed (excluding Fund credit, arrears and short-term debt) increased from US\$149 million in 1975 to US\$365 million in June 1986. Estimated total debt outstanding and disbursed (including external arrears and use of Fund credit) at end June 1986 was US\$766 million (238 percent of GDP). The maturity structure of Sierra Leone's external public debt has deteriorated since the mid-1970s as a result of substantial borrowing through suppliers' credits. The debt service ratio during FY86 (including transactions with the IMF) amounted to 82 percent of exports. The Government negotiated debt relief through the Paris Club in 1977, 1979, and 1984 and again in November 1986. These reschedulings will provide only a temporary relief as the debt service on rescheduled obligations comes due in later years.

11. Of the total debt outstanding and disbursed, 21 percent was in commercial credits, 34 percent in bilateral loans and 46 percent in loans and credits from international institutions. As of June 1986, the Bank Group held about 22 percent of Sierra Leone's external debt outstanding and disbursed. Assistance from bilateral government sources came mostly from the Federal Republic of Germany, Italy, Switzerland, the United Kingdom and Japan. The high debt burden while overstated to the extent that a sizeable portion of export earnings goes unrecorded, nevertheless implies that Sierra Leone, in the future, must rely almost entirely on highly concessional sources of finance.

#### Origins of the Economic Crisis and the Need for Adjustment Policies

12. The origins of Sierra Leone's economic crisis of the mid-1980s can be found in both external events and Government policies over the last 12 to 15 years. Broadly speaking, there are three main causes. First, a series of external shocks, inter alia, the first oil price hike in 1973, the decline in the world price of exports in the late 1970s and early 1980s, and the second oil price hike in 1979, lowering the purchasing power of Sierra Leone's exports. Second, the gradual depletion of Sierra Leone's



resource base for its important mineral export commodities, alluvial diamonds and iron ore, reduced export earnings. Third, the Government's policy responses to the external shocks were often inadequate and poorly conceived.

13. While the Government did initiate remedial measures in 1983 and thereafter, they were sporadic, limited and often too late and, therefore, failed to halt the deterioration. For example, in early 1985 the Government initiated a discrete but inadequate devaluation of the national currency, the Leone, without sufficient accompanying adjustment measures. Similarly, the 1985 increases in energy and food prices proved inadequate, and the budget deficit widened further. Total Government expenditures in nominal terms increased four times between FY83 and FY86.

#### The Sierra Leone Structural Adjustment Program

14. Against this background of economic crisis, a new Government, headed by President Joseph S. Momoh, initiated a stabilization and structural adjustment program at the end of June 1986. The program included introducing a managed floating exchange rate for the Leone, decontrolling consumer prices, taking steps to eliminate petroleum subsidies and to put rice imports into the private sector and initiating longer-term fiscal and development measures.

15. To support the program, the IMF approved a 12-month stand-by arrangement (SDR 23.2 million) and use of the Fund's Structural Adjustment Facility over three years (SDR 27.2 million). Due to various causes, however, the Government's program and stand-by arrangement could not be sustained. The Leone depreciated quickly from less than six to the dollar in June 1986 to over 55 to the dollar in April 1987 (it since has appreciated to 25 per dollar) and inflation ranged around 200 percent on an annual basis. The Government subsequently has revised its recovery program and re-affirmed longer-term adjustment policies to improve public sector management, stimulate agriculture, trade and industry and rationalize its public investments.

16. Given the severity of the economic crisis, however, fully implementing these programs, especially some of the stabilization measures, is difficult. Initial results so far have been mixed, with important gains in some areas, but serious slippages in others. Thus, the economy's deterioration has not yet been stemmed. To achieve such a reversal and successfully carry out an adjustment program will require a high degree of political will, skillful economic management and substantial external support.

Mid-1985 Population (mln.) 4  
1985 Per Capita GNP in US\$ 300

	A. Shares of Gross Domestic Product (from current price data)						B. Growth Rates (% per annum) (from constant price data)				
	1965	1973	1980	1984	1985p	1986e	1965-73	1973-80	1980-84	1985p	1986e
Gross Domestic Product c.p.	100.0	100.0	100.0	100.0	100.0	100.0	3.8	1.6	2.0	0.0	-0.3
Net Indirect Taxes	7.7	10.1	8.0	1.7	1.7	1.7	..	..	..	..	..
Agriculture	30.9	27.3	30.4	39.1	43.1	42.4	1.5	4.0	0.9	3.1	-1.7
Industry	26.3	24.6	20.1	14.5	14.1	13.8	1.9	-4.9	-2.1	-3.8	-3.0
(of which Manufacturing)	5.5	5.4	5.1	6.6	6.3	5.8	3.3	3.1	9.8	-4.9	-7.5
Services	35.1	37.9	41.5	44.7	41.1	42.2	7.1	4.2	5.7	0.9	-0.7
Resource Balance	-2.5	-6.5	-13.5	-2.5	-0.6	-0.2	..	..	..	..	..
Exports of GNFS	30.0	29.0	22.9	11.1	11.3	9.9	4.1	-3.2	8.8	29.5	56.3
Imports of GNFS	32.6	35.5	36.3	13.7	11.9	10.1	1.6	0.8	-8.2	20.4	39.7
Total Expenditures	102.5	106.5	113.5	102.5	100.6	100.2	3.0	2.5	-2.7	-4.7	-13.4
Total Consumption	90.7	94.8	97.2	92.8	92.0	92.6	3.7	2.5	-1.4	-3.8	-13.9
Private Consumption	82.7	80.1	83.5	83.4	79.6	82.6	3.2	4.2	-2.2	-10.2	-12.9
General Government	8.0	14.6	13.8	9.4	12.4	9.9	5.3	-4.4	2.8	28.3	-17.4
Gross Domestic Investment	11.8	11.7	16.2	9.7	8.6	7.6	-1.4	2.0	-11.7	-13.5	-8.3
Fixed Investment	..	..	14.9	9.6	8.6	7.7	..	..	..	..	..
Changes in Stock	..	..	1.4	0.1	0.0	-0.1	..	..	..	..	..
Gross Domestic Saving	9.3	5.2	2.8	7.2	8.0	7.4	-9.8	-1.5	..	56.1	0.7
Net Factor Income	-2.6	-1.5	-2.9	-1.2	-1.2	0.0	..	..	..	..	..
Net Current Transfers	..	..	4.8	2.5	2.4	..	..	..	..	..	..
Gross National Saving	..	..	..	..	..	..	..	-2.4	..	40.9	..
In millions of LCU's (at constant 1980 prices)	1965	1973	1980	1984	1985p	1986e					
Gross Domestic Product	767.0	1004.0	1156.0	1260.0	1260.0	1256.0	3.8	1.6	2.0	0.0	-0.3
Capacity to Import	312.0	284.0	264.0	273.0	385.0	554.0	0.2	-0.3	-1.9	40.8	43.9
Terms of Trade Adjustment	58.0	-19.0	0.0	-147.0	-160.0	-297.0	..	..	..	..	..
Gross Domestic Income	826.0	984.0	1156.0	1112.0	1100.0	959.0	2.5	2.4	-0.6	-1.1	-12.8
Gross National Product	747.0	989.0	1122.0	1246.0	1246.0	1256.0	4.0	1.3	2.5	0.1	0.7
Gross National Income	806.0	970.0	1122.0	1099.0	1087.0	959.0	2.7	2.1	-0.2	-1.1	-11.8
C. Price Indices	-(1980 = 100)-						Inflation Rates (% p.a.)				
	1980	1982	1983	1984	1985p	1986e	1965-73	1973-80	1980-84	1985p	1986e
Consumer Prices	100.0	156.6	263.9	439.4	776.0	1319.2	3.4	14.5	44.8	76.6	70.0
Wholesale Prices	100.0	146.0	209.0	310.1	451.8	768.1	..	..	32.7	45.7	70.0
Implicit GDP Deflator	100.0	124.9	149.0	215.6	301.7	472.2	2.1	14.6	20.7	39.9	56.5
Implicit Expenditures Deflator	100.0	126.8	158.5	237.0	341.4	612.7	3.5	13.7	23.1	44.0	79.5
D. Other Indicators	1965-73		1973-80		1980-85p		Notes:				
Growth Rates (% p.a.):							1. All years are July-June.				
Population	1.7		2.0		2.2		2. GDP estimates are from EPDCA and are subject to revision upon receipt of official estimates.				
Labor Force	..		..		..		3. Price indices from IMF Recent Economic Developments.				
Gross National Income p.c.	1.0		0.1		-2.8		4. Inflation rates after 1980 are computed on a point to point basis.				
Private Consumption p.c.	1.5		2.1		-6.1		5. Labor force data are from the 1963 and 1974 census' conducted by the Central Statistics office of Sierra Leone.				
Import Elasticity:							e = estimated data				
Imports (G+GNFS) / GDP (mp)	0.4		0.5		-1.7		p = preliminary data				
Marginal Savings Rates:											
Gross National Saving	..		..		..						
Gross Domestic Saving	-14.9		-10.6		..						
ICOR (period averages):	..		..		..						
Share of Total	1963	1974	1980	1985p							
Labor Force in:	---	---	---	---							
Agriculture	77.3	69.3	NA	NA							
Mining	5.2	2.0	NA	NA							
Industry	6.5	6.4	NA	NA							
Services	11.0	22.3	NA	NA							
Total	100.0	100.0	NA	NA							

## Notes:

1. All years are July-June.
2. GDP estimates are from EPDCA and are subject to revision upon receipt of official estimates.
3. Price indices from IMF Recent Economic Developments.
4. Inflation rates after 1980 are computed on a point to point basis.
5. Labor force data are from the 1963 and 1974 census' conducted by the Central Statistics office of Sierra Leone.

e = estimated data  
p = preliminary data



	Volume Index (1980 = 100):						Value at Current Prices (millions US\$)					
	1980	1982	1983	1984	1985p	1986e	1980	1982	1983	1984	1985p	1986e
<b>E. Merchandise Exports</b>												
Diamonds	100.0	47.4	60.5	40.0	46.9	51.9	125.7	54.8	56.7	31.8	40.3	27.6
Cocoa	100.0	83.7	96.2	85.6	104.8	87.5	30.2	18.3	9.7	6.5	30.4	27.2
Rutile	100.0	720.0	320.0	880.0	990.0	860.0	2.7	21.7	10.9	21.5	33.5	29.0
Bauxite	100.0	65.7	102.9	108.1	152.9	141.7	12.7	9.6	17.7	16.7	29.6	23.9
Manufactures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Exports	0.0	0.0	0.0	0.0	0.0	0.0	59.3	30.5	26.4	37.5	42.8	29.2
Total Merchandise Exports FOB	100.0	66.5	80.7	69.9	98.7	87.4	230.5	134.9	121.4	114.0	176.6	136.9
<b>F. Merchandise Imports</b>												
Food	..	..	..	..	..	..	77.0	81.4	65.3	29.5	45.6	49.2
POL and Other Energy	..	..	..	..	..	..	47.2	87.3	52.3	53.5	53.3	23.4
Other Imports	..	..	..	..	..	..	0.0	0.0	0.0	0.0	0.0	0.0
Other Consumer Goods	..	..	..	..	..	..	44.2	28.4	18.1	8.3	11.8	11.1
Other Intermediate Goods	..	..	..	..	..	..	35.2	20.6	16.6	11.7	11.0	9.8
Capital Goods	..	..	..	..	..	..	197.3	109.2	72.7	45.0	60.2	61.9
Total Merchandise Imports CIF	100.0	68.1	47.2	31.3	38.1	34.0	400.9	326.9	225.0	148.0	181.9	155.3
<b>G. Terms of Trade (1980 = 100)</b>												
Merch. Exports Price Index	100.0	88.0	65.3	70.8	77.7	67.9						
Merch. Imports Price Index	100.0	119.7	118.9	118.0	119.1	114.0						
Merchandise Terms of Trade	100.0	73.5	54.9	60.0	65.2	59.6						
US\$ millions (at current prices)												
<b>H. Balance of Payments</b>												
Exports of Goods and NFS	232.1	157.1	119.6	138.5	171.7	144.3						
Merchandise (FOB)	212.1	141.8	105.1	128.9	164.1	135.3						
Non-Factor Services	20.0	15.3	14.5	9.6	7.7	9.0						
Imports of Goods and NFS	-368.0	-343.5	-223.9	-169.6	-200.4	-160.3						
Merchandise (FOB)	-323.8	-296.1	-193.1	-145.8	-172.3	-137.9						
Non-Factor Services	-44.2	-47.3	-30.8	-23.7	-28.0	-22.4						
Resource Balance	-135.9	-186.4	-104.3	-31.0	-28.6	-16.1						
Net Factor Income	-45.2	-61.5	-59.4	-44.6	-75.5	-58.5						
Interest	-8.6	-6.5	-3.5	-4.5	-3.8	NA						
Net Private Transfers	7.2	9.6	4.6	3.1	2.3	3.0						
Workers Remittances	NA	NA	NA	NA	NA	NA						
Current Account Balance	-173.9	-238.2	-159.1	-72.5	-101.9	-71.5						
Long-Term Capital Inflow	88.4	19.4	13.5	-7.3	26.1	0.1						
Direct Investment	NA	NA	NA	NA	NA	NA						
Official Capital Grants	15.8	27.3	21.9	27.2	21.0	31.9						
Net LT Loans	-32.5	-20.6	-7.0	-10.0	-10.6	NA						
Other LT inflows (Net)	105.1	12.6	-1.4	-24.6	15.7	NA						
Total Other Items (Net)	17.5	74.8	57.2	27.6	23.8	-12.1						
Net Short-term Capital	NA	NA	NA	NA	NA	NA						
Capital Flows N.E.I.	0.0	0.0	0.0	0.0	0.0	0.0						
Errors and Omissions	17.5	74.8	57.2	27.6	23.8	-12.1						
Changes in Net Reserves	NA	NA	-15.9	43.4	14.6	NA						
Net Credit from IMF	NA	NA	7.0	15.5	3.0	NA						
Other Reserve Changes ( - indicates increase)	-0.5	35.5	-22.9	27.9	11.6	6.2						
<b>As shares of GDP:</b>												
Resource Balance	-12.3	-14.0	-7.0	-2.9	-2.4	-1.4						
Interest Payments	-0.8	-0.5	-0.2	-0.4	-0.3	NA						
Current Account Balance	-15.8	-17.9	-10.7	-6.7	-8.4	-6.3						
<b>Memorandum Items:</b>												
Internat'l Reserves (mil. US\$)	35.2	12.3	11.6	7.7	9.3	9.7						
Reserves incl. Gold (mil. US\$)	NA	NA	NA	NA	NA	NA						
Official Exchange Rate (Le/US\$)	1.0	1.2	1.3	2.5	3.1	5.2						
Index Real Eff. X-R Base 1980	100.0	148.9	184.4	231.1	190.6	..						
GDP (millions of current US\$)	1101.0	1329.0	1483.0	1082.0	1210.0	1136.0						

## Notes:

1. All years are fiscal years (July-June).
2. Current account balance of payments data, including trade and terms of trade, are from IMF Recent Economic Developments.
3. Within the capital account, LT, ST, and Net IMF flow data are from EPDED expressed in fiscal years. Remaining data are from IMF RED.
4. Exchange rates are from IMF IFS period averages expressed in fiscal years.
5. BOP data not necessarily consistent with GDP data because of divergent sources.

e = estimated data  
p = preliminary data

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

...BER B. CONABLE  
President

June 20, 1988

Dear Walter:

Many thanks for your letter of June 13 conveying to me your views on release of the second tranche of the Credit approved by the International Development Association (IDA) in support of an Economic Recovery Program in Haiti.

We are well aware of the difficulties which Haiti has experienced. Indeed, conditions in the country in the last quarter of 1987 were such that Haiti was unable to meet its agreements under the Credit's second tranche. Consequently, IDA postponed release of the Second Tranche, which was originally expected to take place in the autumn of 1987.

We had planned to send a Bank mission to Haiti at the end of June to update our assessment of Haiti's macroeconomic situation and of the progress it was making in meeting the actions stipulated for second tranche release. In light of political developments this weekend and of heightened uncertainty in the country, however, we have postponed the mission and will not reschedule it until the situation in the country is clarified.

I appreciate, once again, your interest in this matter.

Sincerely,

(Signed) Barber B. Conable

The Honorable  
Walter E. Fauntroy  
House of Representatives  
Congress of the United States  
2135 Rayburn House Office Bldg.  
Washington, DC 20515

Cleared with and cc: Messrs. Qureshi, Stanton, Loh  
cc: Messrs. Husain o/r, Voyadzis  
Ms. Maguire

7AS  
F. Aguirre-Sacasa/avs

EXC 880615002



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ONE HUNDREDTH CONGRESS  
2129 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515

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(202) 225-4247

FOR IMMEDIATE RELEASE

WASHINGTON, D.C. OCTOBER 6---Chairman Fernand J. St Germain today told Secretary of the Treasury James Baker that support for new funding for multi-lateral development banks depends on a commitment by the Administration to support key housing legislation.

"The Democrats have always provided the nucleus of support for the Administration's legislation for the MDB's and IDA," Mr. St Germain noted. "If we are to hold this support it is essential that the President be willing to back and sign legislation to provide desperately needed housing and community development."

Mr. St Germain made his comments in a meeting in his office this afternoon with Secretary Baker about the pending IDA and MDB legislation.

"I told Secretary Baker it is essential that he do two things (1) convince the President of the need for the housing legislation; and (2) renew efforts to round up Republican votes for the MDB and IDA legislation and not leave this task entirely to the Democrats."

An omnibus housing bill is now being worked out in conference with the possibility the legislation could be on the President's desk by the end of October.

"Passage of this housing bill and an agreement by the President to affix his signature will be a clear signal that the Administration understands the need for a balanced legislative agenda," Mr. St Germain said. "It would do much to shore up Democratic support for the Administration multi-lateral aid program."

# # # #

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

November 18, 1987

Dear Tony:

Thank you for providing me with a copy of the letter which members of the House Select Committee on Hunger have sent to Chairman Fernand St. Germain of the Banking Committee regarding ill-conceived provisions of the Omnibus Trade Bill.

The letter describes well the punitive and disruptive impact of the provisions on desirable international development and assistance supported by multilateral development banks. The prohibition against lending for production of any commodity in surplus could have devastating effects upon less-developed nations striving to improve food production for their own people. We are aware of the efforts by you and your colleagues to eliminate or revise this limitation and hope you will be successful. Your letter to the Chairman reflects a thorough appreciation of the issues involved, but if we can provide any further information or assistance, we will be glad to do so.

Sincerely yours,

*Barber Conable*

The Honorable Tony P. Hall  
Chairman  
International Task Force  
Select Committee on Hunger  
House of Representatives  
Room H2-507, House Office Building,  
Annex No. 2  
Washington, D.C. 20515



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

~~JWS~~  
HN

CORRESPONDANCE DATE : 87/11/04

DUE DATE : 87/11/17

LOG NUMBER : 871106003

FROM : Tony P. Hall

SUBJECT : Enclosing copy of ltr. which 13 members of the House Select  
Committee on Hunger sent to Chairman St. Germain.

OFFICE ASSIGNED TO FOR ACTION : External Affairs (E-8065)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : cc: Mr. Hopper

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CAM GEJDESON, CONNECTICUT  
PETER H. KOSTMAYER, PENNSYLVANIA  
BYRON L. DORGAN, NORTH DAKOTA  
BOB CARR, MICHIGAN  
TIMOTHY J. PENNY, MINNESOTA  
MICKEY LELAND, TEXAS  
EX OFFICIO

TELEPHONE: (202) 226-5470

# U.S. House of Representatives

## INTERNATIONAL TASK FORCE SELECT COMMITTEE ON HUNGER

ROOM H2-507, HOUSE OFFICE BUILDING, ANNEX NO. 2  
WASHINGTON, DC 20515

DOUG BEREUTER, NEBRASKA  
RANKING MINORITY MEMBER  
SID MORRISON, WASHINGTON  
BENJAMIN A. GILMAN, NEW YORK  
ROBERT F. (BOB) SMITH, OREGON  
GUY V. MOLINARI, NEW YORK  
MARGE ROUKEMA, NEW JERSEY  
EX OFFICIO

TELEPHONE: (202) 226-5460

November 4, 1987

The Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable,

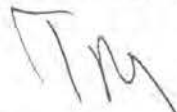
I have enclosed for your information a copy of a letter which thirteen members of the House Select Committee on Hunger sent to Chairman St Germain and all other conferees examining Sections 2178-2180A of the Trade Bill, H.R. 3.

This part of the Bill, as you know, would enervate all the multilateral development banks at a time when the difficult problems facing developing countries require vigorous action by The World Bank and all other MDBs. It is our hope that these sections will be eliminated from H.R. 3, but we are closely following efforts to substitute compromise language.

The Select Committee on Hunger is continuing its work in support of sufficient funding for IDA, and will remain a staunch proponent of your actions to refocus development activities on reducing poverty. I have been impressed by measures you have taken to increase the involvement of indigenous nongovernmental organizations in the development process, and will continue to follow with great interest this initiative and others focused on poverty alleviation.

Your commitment to poor people remains one of the most hopeful examples of how we can work together to help eliminate poverty from our world.

Sincerely,



TONY P. HALL  
Chairman  
International Task Force

TPH/awg  
Enclosure

# U.S. House of Representatives

## SELECT COMMITTEE ON HUNGER

ROOM H2-507, HOUSE OFFICE BUILDING, ANNEX NO. 2  
WASHINGTON, DC 20515

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HANK BROWN, COLORADO  
GUY V. MOLINARI, NEW YORK

MELISSA W. BROWN  
MINORITY STAFF DIRECTOR

TELEPHONE: (202) 226-6480

MIRANDA G. KATSOYANNIS  
CHIEF OF STAFF

TELEPHONE: (202) 226-6470

October 26, 1987

The Honorable Fernand J. St Germain  
Chairman  
Committee on Banking, Finance and Urban Affairs  
2108 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

We write to express our serious reservations about Sections 2178 through 2180A of the Senate amendment to the Trade Bill, H.R. 3. We hope that you, and all conferees examining these sections of the bill, will consider our grave concerns about their impact. Under language adopted by the Senate, any loan by a multilateral development bank (MDB) "for the production or extraction of any commodity or mineral" in surplus on world markets would trigger the following highly punitive and disruptive actions:

- \* prohibit the U.S. Government from agreeing to any capital increase for that bank;
- \* prohibit the U.S. Government from agreeing to any replenishment of funds for that bank;
- \* prohibit that bank from entering U.S. money markets to obtain its funds or to denominate its loans in U.S. dollars; and
- \* reduce the level of payments already agreed to by the U.S. Government by an amount proportional to the size of the loan found objectionable.

This language, if enacted, would throw the functioning of MDBs such as the World Bank into disorder. For example, a \$162 million World Bank loan to increase the production of cassava, yams, corn, and rice by poor small-scale farmers for domestic consumption in Nigeria could call into force the full provisions listed above. Why? Because corn and rice are in surplus on world markets. No distinction is made between a loan -- such as the above example -- which aims at increasing internal production and consumption of food among poor people, and a loan to increase the export potential of a country.

Although portrayed as pro-agriculture, these provisions of the Trade Bill, are actually anti-agriculture, and detrimental to the MDBs and our larger development assistance goals. A recent study of world




agriculture done for the Curry Foundation noted that "where large numbers of poor people with poor diets are directly dependent upon farming for income and employment . . . most of the income gained from farm growth will go directly into additional food consumption." Therefore, "the paradoxical result of successful farm development (in poorer nations) can be larger farm import demands" (for U.S. agricultural products, among others).

Over the last fifteen years the developing countries have constituted our most rapidly growing market for agricultural exports. According to AID, "of the largest fifty buyers of U.S. farm goods, 34 are former food aid recipients and thirty of these are developing countries." These provisions of the Trade Bill damage efforts which often help create new markets for our products.

As members of the Select Committee on Hunger, we are concerned by the inevitably harsh effect of these provisions on poor people in developing countries. With more than 500 million chronically malnourished people in today's world, the United States should steadfastly promote adequate food for all. These provisions of the Trade Bill do the reverse.

We hope that Sections 2178 through 2180A will be eliminated from H.R. 3 during conference. Thank you for your careful consideration of this matter.

Sincerely,

  
TONY P. HALL  
Chairman  
International Task Force

  
MICKEY LELAND  
Chairman



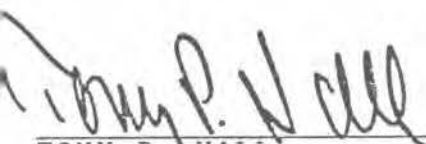
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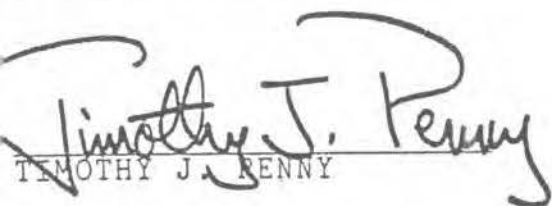
Sincerely,

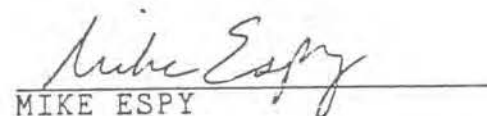
  
TONY P. HALL  
Chairman  
International Task Force

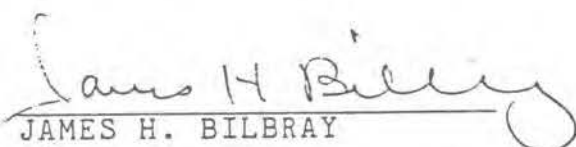
  
MICKEY LELAND  
Chairman

  
LEON E. PANETTA

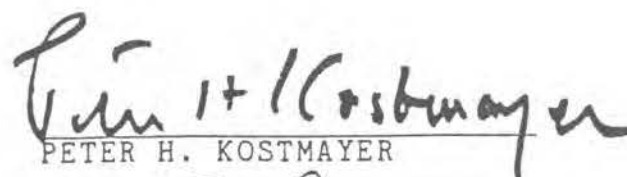
  
BYRON L. DORGAN

  
TIMOTHY J. PENNY

  
MIKE ESPY

  
JAMES H. BILBRAY

  
ELIZABETH J. PATTERSON

  
PETER H. KOSTMAYER

  
BOB CARR

  
GARY L. ACKERMAN

  
FLOYD H. FLAKE

  
KWEISI MFUME

cc: The Honorable Walter E. Fauntroy  
The Honorable John J. LaFalce  
The Honorable Robert Garcia  
The Honorable Charles E. Schumer  
The Honorable Bruce A. Morrison  
The Honorable Chalmers P. Wylie  
The Honorable Jim Leach  
The Honorable Doug Bereuter  
The Honorable J. Alex McMillan

The Honorable Claiborne Pell  
The Honorable Paul S. Sarbanes  
The Honorable Christopher S. Dodd  
The Honorable Jesse Helms  
The Honorable Richard G. Lugar

bcc: The Honorable Barber Conable✓

700, 100000  
THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

April 27, 1988

Honorable Fernand J. St. Germain  
2108 Rayburn House Office Building  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your thoughtful letter of April 11. The issues you raise are of great importance, and we share your conviction that the considerable resources of the World Bank must continue to be effectively utilized in the battle against world poverty.

Poverty alleviation has long been and continues to be central to the Bank's work. In many ways the progress achieved in the last thirty years by the developing countries has been remarkable -- in incomes, health indicators, literacy and other measures of improved welfare. Nevertheless, the problems remain immense; the magnitude of poverty is enormous by any measure, and is growing. The alleviation of poverty will require a concerted, long-term effort on the part of aid donors, international agencies, the private sector and the governments of the developing countries. We expect to play an important role in this cooperative endeavor.

Social Indicators

Your letter stressed the importance of using social indicators to help monitor progress on development. As you may know, we have been using these indicators for some time; we believe they add a valuable dimension to more strictly economic measurements. The Bank's Living Standards Measurement Study -- which supports microeconomic research on the relationship between economic policies and living standards -- represents an important element in a more comprehensive attempt to further broaden the use of social indicators in evaluating the development process. Moreover, in the context of our lending operations in the social sectors (such as health, education and population), we often set as benchmarks expected future changes in key social indicators. To the extent possible, we then monitor these changes during project implementation, so as to assess the impact of our lending and as a guide in the design of follow-up operations.



However, we feel we must raise a cautionary note with regard to the immediate prospects for expanded use of social indicators. While we are sympathetic to your suggestion that we define, together with our borrowers, social indicator targets and timetables and subsequently plan Bank activities to ensure that these goals are met, we believe it would be impractical in the majority of cases to follow this approach. In this field, the relevant data is often difficult to obtain, and the evidence is frequently limited and therefore less reliable than economic measurements. Moreover, social indicators tend to be meaningful only in a longer term perspective, as they can regress or fail to progress after initial improvement. In addition, reliable information for social data is derived mostly from censuses that are typically conducted ten years apart or at even longer intervals. We cannot in all cases await the results of such censuses to guide our operations. While we believe that, at this time, there are limits on the use of social indicators, we share your view that these indicators represent a useful tool in the design and evaluation of development programs. We expect that social indicators will play an increasingly important role in our work in the years ahead.

#### Structural Adjustment

The economic difficulties experienced by most developing countries over this decade have made poverty alleviation a formidable challenge. In the 1970s, the effort to address poverty generally took place in the context of widespread economic growth; today the issue is increasingly how to address poverty in an environment of limited or no growth. Economic growth is necessary to the success of long-term efforts to reduce poverty. Experience also demonstrates, however, that growth alone is not sufficient to alleviate poverty. Growth policies must be complemented by a wide array of carefully designed programs and policies to assure that the benefits of growth reach the poor. Therefore, we welcome the DAC guidelines which, on the whole, correspond to the areas we have been gradually addressing in our adjustment programs.

The impact of stabilization and adjustment reforms on the poor are now explicitly considered in the design of adjustment programs. Measures to protect the poor can be divided into two categories. The first is the refocusing of social expenditures, particularly in health and education, toward the poor. The second involves targeted cost-effective compensatory programs, particularly in the areas of nutrition and employment. In addition to the above mentioned programs, we are also encouraging the expansion of policy-based lending in the social sectors as a means of achieving a more lasting poverty impact. While more and better social services are crucial to human

resource development, it has become clear that they must be complemented by stronger emphasis on policies and institutions. Experience has shown that increased expenditures alone are not enough to assure widespread availability of social services. Delivery systems and institutions need to be strengthened, and often reformed; targeting services on the poor needs to be given special attention, and more emphasis needs to be placed on developing innovative and cost-effective means of reaching the poor.

The Bank is dedicated to improving the living standards, economic potential and the prospects of the poor. We have no illusions about the difficulty of the task ahead. The alleviation of poverty will demand perseverance, dedication, and concerted action on the part of both donors and recipient governments. We are most grateful for your support of our programs, and look forward to working with you on this urgent undertaking.

With all best wishes.

Sincerely,

*(Signed) Barber B. Conable*

Barber B. Conable

Log No. 880415003

JMaguire/vs/dl

bcc: Messrs. M. Qureshi (SVPOP), E. Stern (SVPFI)  
Mmes. C. Perera (EXC), G. Wilcox (EXTDR)

## THE WORLD BANK

## ROUTING SLIP

Date

July 9, 1987

## OFFICE OF THE PRESIDENT

Name	Room No.
Mr. V. Rajagopalan	S-5055
Ms. J. Maguire	D-822
Mr. H.K. Nicholas	E-831
Ms. Ann Hamilton	N-234

	To Handle		Note and File
	Appropriate Disposition		Prepare Reply
	Approval		Per Our Conversation
	Information		Recommendation

## Remarks

Herewith, copy of the letter that was sent out yesterday to each of the signatories on the letter from Congress.

Marianne Haug

From



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

July 8, 1987

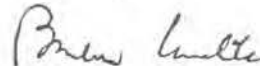
Dear Bruce:

Thank you for your letter of congratulations and encouragement on the Bank's recent initiatives on environment and population issues. I appreciate knowing of your support for these important initiatives.

The Bank's new organization groups together the operational units dealing with these concerns and the country departments responsible for other development sectors. This coordinated approach will increase our focus on population and environmental concerns in the Bank's future work. I assure you that these issues will continue to receive the careful attention which they warrant.

Again, my thanks for your words of encouragement, and my best wishes.

Sincerely,



The Honorable Bruce A. Morrison  
U.S. House of Representatives  
Washington, D.C. 20515

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

RECEIVED

87 JUN 18 PM 5:41

CORRESPONDANCE DATE : 87/06/12

LOG NUMBER : 870615020

FROM : Members of Congress

SUBJECT : Commending BBC's new leadership in the WB in the area of  
environmental issues.

OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_ ✓ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :

→ Fred Sai  
Call you?  
Thanks.  
Dew  
Logged out  
7/8/87  
C.P.

① BBC  
② SWS  
③ MH  
6/18-25  
12 DM  
2) Copy  
3) CC: Ray

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

June 12, 1987

Hon. Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

We welcome the increasing prominence of the World Bank in the emerging international strategy to promote economic growth and development in the Third World. The Bank's new leadership is already being widely felt as a result of your impressive plans to make environmental issues a top development priority. We are hopeful that, under your direction, another important development concern--population growth in the Third World--will also move to the forefront of the international development agenda.

The World Bank has long been a leader in worldwide efforts to address the alarming problem of unsustainable population growth in the developing world, and your personal efforts in this regard have been an especially significant example of the Bank's continuing interest and commitment. But as you well know, motivating Third World governments to adopt sound population policies requires not only interest and commitment, but also political leverage--leverage which, in the past, the World Bank has often lacked.

But your institution's influence in the developing world has been significantly increased by the international lending community's decision to enhance the Bank's authority and augment its resources. In its new international leadership position, the World Bank is now in a better position to insist that population issues be actively incorporated into the policy reform dialogue, and that sensitivity to population growth be an important element in the evaluation of each country's development performance. We urge you to take advantage of the opportunity afforded by your new leadership role to ensure that these important steps are taken.


Rapid population growth is one of the most ominous problems facing the developing world today; population pressures aggravate political instability, accelerate environmental deterioration, and thwart economic development. We are convinced that widely



implemented family planning programs--based on the fundamental principles of voluntarism and informed choice--will help to reverse the downward spiral of living standards in developing nations and increase the political stability of troubled regions of the world. The Bank has already made significant progress in this direction, but much remains to be done.

We write, then, both to congratulate and to encourage. On the one hand, your accomplishments in the area of family planning warrant recognition and praise, and we wish to add our names to those who acknowledge and applaud your efforts. The magnitude of the population crisis, however, and the difficulties which undoubtedly will arise in the search for a solution, indicate that encouragement and support for even further efforts are equally warranted. We urge you, when formulating Bank strategies for economic growth and development, to make population growth a top priority.

Sincerely,



John Edward Porter  
Member of Congress



Anthony C. Beilenson  
Member of Congress




Dante B. Fascell  
Member of Congress



Claude Pepper  
Member of Congress



Bill Frenzel  
Member of Congress



Morris K. Udall  
Member of Congress



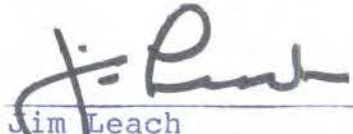
Martin Frost  
Member of Congress



Claudine Schneider  
Member of Congress

2.   
Howard L. Berman  
Member of Congress

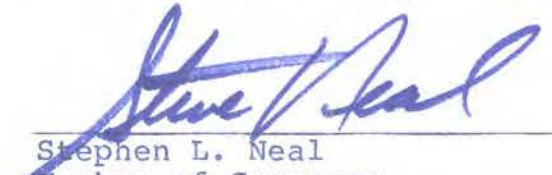
  
Barbara Boxer  
Member of Congress

  
Jim Leach  
Member of Congress


  
Barney Frank  
Member of Congress


  
Mickey Leland  
Member of Congress

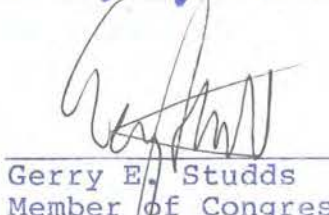
  
Peter H. Kostmayer  
Member of Congress

  
Stephen L. Neal  
Member of Congress


  
Gary L. Ackerman  
Member of Congress

  
Lawrence H. Smith  
Member of Congress


  
Matthew F. McHugh  
Member of Congress

  
Gerry E. Studds  
Member of Congress

  
William J. Hughes  
Member of Congress

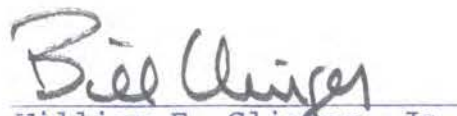
  
Bruce A. Morrison  
Member of Congress

  
James H. Scheuer  
Member of Congress


  
Chester G. Atkins  
Member of Congress

  
Robert J. Mrazek  
Member of Congress

  
James A. Jeffords  
Member of Congress

  
William F. Clinger, Jr.  
Member of Congress

  
Matthew G. Martinez  
Member of Congress

  
Hamilton Fish, Jr.  
Member of Congress

  
Jim Jontz  
Member of Congress



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/06/12

DUE DATE : 87/06/26

LOG NUMBER : 870615020

FROM : Members of Congress

SUBJECT : Commending BBC's new leadership in the WB in the area of  
environmental issues.

OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

APPROVED

PLEASE HANDLE

FOR YOUR INFORMATION

FOR YOUR REVIEW AND RECOMMENDATION

FOR THE FILES

PLEASE DISCUSS WITH \_\_\_\_\_

PLEASE PREPARE RESPONSE FOR \_\_\_\_\_

SIGNATURE

AS WE DISCUSSED

RETURN TO \_\_\_\_\_

COMMENTS :

*BBC replied on July 87.*

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT  
ASSOCIATION

INTERNATIONAL FINANCE  
CORPORATION

OFFICE OF THE PRESIDENT

4/7/87.

Ann -

- ① Thank them for their encouragement and support - Keep it short. -
- ② B.B.C. does recognize that the rapid population growth - especially in Africa - is a major problem in the developing world -
- ③ It would be best to personalize the letters. This is a very distinguished group over all. I have indicated how they should be addressed. (underlined)

Bi/K Start

<b>ROUTING SLIP</b>		<b>DATE:</b> July 6, 1987	
<b>NAME</b>		<b>ROOM NO.</b>	
Mr. Stanton			
<input type="checkbox"/>	APPROPRIATE DISPOSITION	<input type="checkbox"/>	NOTE AND RETURN
<input type="checkbox"/>	APPROVAL	<input type="checkbox"/>	NOTE AND SEND ON
<input type="checkbox"/>	CLEARANCE	<input checked="" type="checkbox"/>	PER OUR CONVERSATION
<input type="checkbox"/>	COMMENT	<input type="checkbox"/>	PER YOUR REQUEST
<input type="checkbox"/>	FOR ACTION	<input type="checkbox"/>	PREPARE REPLY
<input type="checkbox"/>	INFORMATION	<input type="checkbox"/>	RECOMMENDATION
<input type="checkbox"/>	INITIAL	<input type="checkbox"/>	SIGNATURE
<input type="checkbox"/>	NOTE AND FILE	<input type="checkbox"/>	URGENT
REMARKS:			
<b>FROM:</b> Ann O. Hamilton		<b>ROOM NO.:</b> N-234	<b>EXTENSION:</b> 61676



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

June 12, 1987

Hon. Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

We welcome the increasing prominence of the World Bank in the emerging international strategy to promote economic growth and development in the Third World. The Bank's new leadership is already being widely felt as a result of your impressive plans to make environmental issues a top development priority. We are hopeful that, under your direction, another important development concern--population growth in the Third World--will also move to the forefront of the international development agenda.

The World Bank has long been a leader in worldwide efforts to address the alarming problem of unsustainable population growth in the developing world, and your personal efforts in this regard have been an especially significant example of the Bank's continuing interest and commitment. But as you well know, motivating Third World governments to adopt sound population policies requires not only interest and commitment, but also political leverage--leverage which, in the past, the World Bank has often lacked.

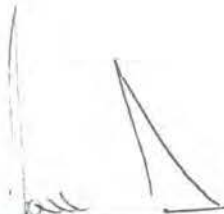
But your institution's influence in the developing world has been significantly increased by the international lending community's decision to enhance the Bank's authority and augment its resources. In its new international leadership position, the World Bank is now in a better position to insist that population issues be actively incorporated into the policy reform dialogue, and that sensitivity to population growth be an important element in the evaluation of each country's development performance. We urge you to take advantage of the opportunity afforded by your new leadership role to ensure that these important steps are taken.

Rapid population growth is one of the most ominous problems facing the developing world today; population pressures aggravate political instability, accelerate environmental deterioration, and thwart economic development. We are convinced that widely


implemented family planning programs--based on the fundamental principles of voluntarism and informed choice--will help to reverse the downward spiral of living standards in developing nations and increase the political stability of troubled regions of the world. The Bank has already made significant progress in this direction, but much remains to be done.

We write, then, both to congratulate and to encourage. On the one hand, your accomplishments in the area of family planning warrant recognition and praise, and we wish to add our names to those who acknowledge and applaud your efforts. The magnitude of the population crisis, however, and the difficulties which undoubtedly will arise in the search for a solution, indicate that encouragement and support for even further efforts are equally warranted. We urge you, when formulating Bank strategies for economic growth and development, to make population growth a top priority.

Sincerely,

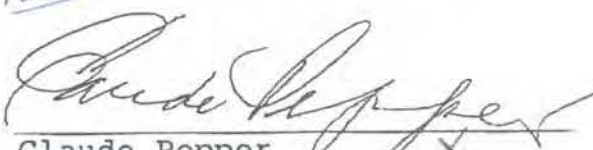
  
John Edward Porter X  
Member of Congress

  
Dante B. Fascell X  
Member of Congress


  
Bill Frenzel X  
Member of Congress

  
Martin Frost X  
Member of Congress

  
Anthony C. Beilenson X  
Member of Congress

*Tony*  
  
Claude Pepper X  
Member of Congress

  
Morris K. Udall X  
Member of Congress  
*MO*

  
Claudine Schneider X  
Member of Congress



Howard L. Berman  
Howard L. Berman  
Member of Congress

Barbara Boxer  
Barbara Boxer  
Member of Congress

Jim Leach  
Jim Leach  
Member of Congress

Barney Frank  
Barney Frank  
Member of Congress

Mickey Leland  
Mickey Leland  
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Peter H. Kostmayer  
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Stephen L. Neal  
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Gary L. Ackerman  
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Lawrence A. Smith  
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Matthew F. McHugh  
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Gerry E. Studds  
Gerry E. Studds  
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William J. Hughes  
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Member of Congress

Bruce A. Morrison  
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Member of Congress

James H. Scheuer  
James H. Scheuer  
Member of Congress

Chester G. Atkins  
Chester G. Atkins  
Member of Congress

Robert J. Mrazek  
Robert J. Mrazek  
Member of Congress

*Jim*  
*James Jeffords*  
James A. Jeffords  
Member of Congress

*Bill*  
*Bill Clinger*  
William F. Clinger, Jr.  
Member of Congress

*Math*  
*Matthew G. Martinez*  
Matthew G. Martinez  
Member of Congress

*Ham*  
*Hamilton Fish*  
Hamilton Fish, Jr.  
Member of Congress

*Jim*  
*Jim Jontz*  
Jim Jontz  
Member of Congress



September 2, 1986

The Honorable Ted Weiss  
2442 Rayburn House Office Building  
House of Representatives  
Washington, D.C. 20515

Dear Ted:

Many thanks for your recent letter. I welcome your interest in the World Bank, and I am hopeful that we can work together to help build a better life for the world's poorest people.

I share your concern about the Bank's poverty-oriented programs. I want to assure you that the alleviation of poverty is and will continue to be the fundamental objective of the World Bank. We have no intention of diminishing our traditional project lending in such poverty-related areas as rural development, agriculture, health, education or water supply. However, in present circumstances, when incomes in many developing countries have been stagnant or declining, a crucial part of poverty alleviation must be to support policy and institutional changes that are conducive to growth in output. Without such growth, improvements in living conditions of the poor are likely to remain limited at best.

In the future, particular attention will continue to be paid to rural development lending; as you know, in Bank terminology, rural development lending is lending for the agricultural sector where 50 percent or more of the direct benefits are expected to accrue to those below the poverty threshold. In FY86, rural development lending constituted about one-half of all agricultural lending. Overall, we expect direct lending for agriculture, which amounted to close to \$4 billion per year in FY84-86, to stabilize at around one quarter of the Bank's total lending over the next few years. However, it is also fair to say much of this lending, although not categorized as for rural development, will provide substantial benefits for the poor. For example, recent studies have shown that the benefits of agricultural research and extension projects accrue substantially to the poor - both producers and consumers. Support for structural adjustment and sustainable growth, through policy and institutional reform, will remain a major thrust of our assistance. However, it is important not to lose sight of the fact that these adjustment programs should provide an improved environment for agricultural growth.

The Bank is currently reviewing its overall strategy for agricultural development, including its poverty alleviation dimensions. We continually struggle with the question of how most

The Honorable Ted Weiss

September 2, 1986

effectively to assist poor people in acquiring the skills and productive assets necessary to escape from poverty. A recent Bank study, "Poverty and Hunger", points out that food insecurity and hunger are largely caused by the inadequacy and decline of incomes of poor people. Hence, there is a real need to broaden income earning opportunities for the poor in agricultural and non-agricultural activity. The Bank will continue to encourage this approach through its lending and through policy dialogue with its members.

With regard to your concern about the Bank's primary health care programs, I want to assure you that an expansion of our lending is underway. Lending for health programs is expected to increase from around \$200 million in FY85, to more than \$600 million in FY90. The main thrust of the lending is to improve delivery of health and family planning services to poor people. To the extent possible, this is done directly through the increase in coverage, efficiency and effectiveness of basic services, mainly in rural and urban areas. As improvements in service delivery require improvements in the overall systems, part of our effort is to strengthen health and population planning capacity, administrative systems, management and training programs in developing countries.

We are also concerned about the impact of economic adjustment measures on the poor. The relationship between poverty alleviation and adjustment is complex. Some lower income groups may be adversely affected over the short term by certain adjustment measures and reforms. But we should not conclude that poverty alleviation and adjustment are therefore inconsistent objectives... on the contrary. Planned adjustments are essential, because in many countries existing policies and claims on resources are untenable. The issue in such cases is not whether adjustment should take place, but whether it will be planned or haphazard.

The complex relationship between poverty alleviation and policy adjustment can be illustrated by the difficult case of reduced subsidies for food and other staples, a necessary reform measure in a large number of adjustment programs. Reduced subsidies will entail higher costs to consumers, but the bulk of these subsidies often do not benefit the poor; on the other hand, rural producers of these commodities, who often are poor, will usually benefit from higher crop prices. All too often the benefits of food subsidies flow disproportionately to urban workers and civil servants, who are politically influential, but who are not the poorest members of society. A targeted program for affected groups can be a more effective instrument of poverty alleviation. On the other hand, the reduced subsidies also help narrow fiscal deficits, thus freeing up government resources for programs important to the poor — such as health, education, and rural water supply.

The Honorable Ted Weiss

September 2, 1986

Over the medium term, it is not active adjustment efforts, but the failure to adjust which harms the poor -- through spiraling inflation, low agricultural producer prices, industrial stagnation and high unemployment, and inadequate social services. Without efficient adjustment, conditions will worsen and the poor will be forced to endure even more hardship. The real choice is not between poverty alleviation and adjustment programs; more accurately, the choice is between inappropriate programs and policies which aggravate poverty, and effective adjustment programs which will sustain economic growth over the medium term and thereby reduce poverty.

As I said earlier, poverty alleviation is our most fundamental objective. We have no intention of diminishing our traditional project lending in such poverty-related areas as agriculture and health; more importantly, we expect the volume of this lending to expand in the years ahead. We will also continue to improve the design of our adjustment programs so as to minimize the transitional costs to low income groups. Our commitment in this area is absolute. I welcome your interest in these issues, and I look forward to working with you in support of our mutual objectives.

With best regards,

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable  
President

Log. #1156  
cc: Ms. Maguire  
JM:amg



**TED WEISS**

**17th District  
New York**

**Chairman  
Subcommittee on  
Intergovernmental  
Relations and  
Human Resources**

2442 Rayburn Building  
Washington, D.C. 20515  
202/225-5635

Michael D. Timmeny  
Administrative Assistant



**Congress of the United States  
House of Representatives**

August 13, 1986

**Committees:**

**Foreign Affairs**

**Government Operations**

**Children, Youth and Families**

**National Commission  
on Working Women**

**Executive Board Member,  
Congressional Arts Caucus**

**Secretary, New York State  
Congressional Delegation**

Mr. A. W. Clausen  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Clausen:

On March 19, 1986, Congressman Tony Hall, Senator Slade Gorton, and a number of my other colleagues in Congress wrote to you to express interest in the Bank's poverty-oriented lending.

My colleagues' letter expressed support for the Bank's past efforts in the areas of rural development, IFAD cofinancing, and primary health care. They also expressed interest in learning of the Bank's future plans for work in these and related areas.

I wish to join with my colleagues in emphasizing the importance of these factors in the Bank's lending program. Congressional support for the Bank rests in considerable part on the extent to which the institution is seen as carrying out long-term development projects which help the poorest. Accordingly, information about the Bank's plans to effectively assist this group would be helpful in building support in Congress for the Bank.

Sincerely, .

A handwritten signature in cursive script that reads "Ted Weiss".

TED WEISS  
Member of Congress

*Dear Ted:*

TW:mp

**District Offices**

252 7th Avenue, New York City 10001 212/620-3970  
4060 Broadway, New York City 10032 212/927-7726

131 Waverly Place, New York City 10011 212/420-9393

490 West 238th Street, Bronx 10463 212/884-0441  
655 East 233rd Street, Bronx 10466 212/652-0400



RECEIVED

1986 AUG 20 PM 4:42

OFFICE OF THE PRESIDENT

September 2, 1986

The Honorable James R. Jones  
203 Cannon House Office Building  
House of Representatives  
Washington, D.C. 20515

Dear Jim:

Many thanks for your recent letter. I welcome your interest in the World Bank, and I am hopeful that we can work together to help build a better life for the world's poorest people.

I share your concern about the Bank's poverty-oriented programs. I want to assure you that the alleviation of poverty is and will continue to be the fundamental objective of the World Bank. We have no intention of diminishing our traditional project lending in such poverty-related areas as rural development, agriculture, health, education or water supply. However, in present circumstances, when incomes in many developing countries have been stagnant or declining, a crucial part of poverty alleviation must be to support policy and institutional changes that are conducive to growth in output. Without such growth, improvements in living conditions of the poor are likely to remain limited at best.

In the future, particular attention will continue to be paid to rural development lending; as you know, in Bank terminology, rural development lending is lending for the agricultural sector where 50 percent or more of the direct benefits are expected to accrue to those below the poverty threshold. In FY85, rural development lending constituted about one-half of all agricultural lending. Overall, we expect direct lending for agriculture, which amounted to close to \$4 billion per year in FY84-86, to stabilize at around one quarter of the Bank's total lending over the next few years. However, it is also fair to say much of this lending, although not categorized as for rural development, will provide substantial benefits for the poor. For example, recent studies have shown that the benefits of agricultural research and extension projects accrue substantially to the poor - both producers and consumers. Support for structural adjustment and sustainable growth, through policy and institutional reform, will remain a major thrust of our assistance. However, it is important not to lose sight of the fact that these adjustment programs should provide an improved environment for agricultural growth.

The Bank is currently reviewing its overall strategy for agricultural development, including its poverty alleviation dimensions. We continually struggle with the question of how most

The Honorable James R. Jones

September 2, 1986

effectively to assist poor people in acquiring the skills and productive assets necessary to escape from poverty. A recent Bank study, "Poverty and Hunger", points out that food insecurity and hunger are largely caused by the inadequacy and decline of incomes of poor people. Hence, there is a real need to broaden income earning opportunities for the poor in agricultural and non-agricultural activity. The Bank will continue to encourage this approach through its lending and through policy dialogue with its members.

With regard to your concern about the Bank's primary health care programs, I want to assure you that an expansion of our lending is underway. Lending for health programs is expected to increase from around \$200 million in FY85, to more than \$600 million in FY90. The main thrust of the lending is to improve delivery of health and family planning services to poor people. To the extent possible, this is done directly through the increase in coverage, efficiency and effectiveness of basic services, mainly in rural and urban areas. As improvements in service delivery require improvements in the overall systems, part of our effort is to strengthen health and population planning capacity, administrative systems, management and training programs in developing countries.

We are also concerned about the impact of economic adjustment measures on the poor. The relationship between poverty alleviation and adjustment is complex. Some lower income groups may be adversely affected over the short term by certain adjustment measures and reforms. But we should not conclude that poverty alleviation and adjustment are therefore inconsistent objectives... on the contrary. Planned adjustments are essential, because in many countries existing policies and claims on resources are untenable. The issue in such cases is not whether adjustment should take place, but whether it will be planned or haphazard.

The complex relationship between poverty alleviation and policy adjustment can be illustrated by the difficult case of reduced subsidies for food and other staples, a necessary reform measure in a large number of adjustment programs. Reduced subsidies will entail higher costs to consumers, but the bulk of these subsidies often do not benefit the poor; on the other hand, rural producers of these commodities, who often are poor, will usually benefit from higher crop prices. All too often the benefits of food subsidies flow disproportionately to urban workers and civil servants, who are politically influential, but who are not the poorest members of society. A targeted program for affected groups can be a more effective instrument of poverty alleviation. On the other hand, the reduced subsidies also help narrow fiscal deficits, thus freeing up government resources for programs important to the poor — such as health, education, and rural water supply.

The Honorable James R. Jones

September 2, 1986

Over the medium term, it is not active adjustment efforts, but the failure to adjust which harms the poor -- through spiraling inflation, low agricultural producer prices, industrial stagnation and high unemployment, and inadequate social services. Without efficient adjustment, conditions will worsen and the poor will be forced to endure even more hardship. The real choice is not between poverty alleviation and adjustment programs; more accurately, the choice is between inappropriate programs and policies which aggravate poverty, and effective adjustment programs which will sustain economic growth over the medium term and thereby reduce poverty.

As I said earlier, poverty alleviation is our most fundamental objective. We have no intention of diminishing our traditional project lending in such poverty-related areas as agriculture and health; more importantly, we expect the volume of this lending to expand in the years ahead. We will also continue to improve the design of our adjustment programs so as to minimize the transitional costs to low income groups. Our commitment in this area is absolute. I welcome your interest in these issues, and I look forward to working with you in support of our mutual objectives.

With best regards,

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable  
President

Log. #1158  
cc: Ms. Maguire  
JM:amg



#1158

JAMES R. JONES  
FIRST DISTRICT, OKLAHOMA

MEMBER:

COMMITTEE ON WAYS  
AND MEANS

CHAIRMAN

SUBCOMMITTEE ON SOCIAL SECURITY

MEMBER:

SUBCOMMITTEE ON HEALTH  
DEMOCRATIC STEERING  
AND POLICY COMMITTEE

WASHINGTON OFFICE  
203 CANNON HOUSE OFFICE BUILDING  
(202) 225-2211

DISTRICT OFFICE  
4536 FEDERAL BUILDING  
TULSA, OK 74103  
(918) 581-7111

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

August 14, 1986

Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20006

Dear Barber:

I hope things are going well for you in your new position. I have no doubt that you will serve the World Bank and the countries it helps in as distinguished a manner as you served in Congress.

As the Bank begins to set its priorities for the next year, I would like to urge you to consider a suggestion on which several of my constituents have contacted me.

My constituents have asked that the World Bank consider dedicating \$100 million of its \$1 billion in profits for loans to improve primary health care. This would benefit programs such as child immunization and oral rehydration in impoverished and drought-stricken areas.

I would greatly appreciate your consideration in this matter if possible, Barber. It would benefit millions of children and help improve the quality of life in developing countries.

Again, thank you for your consideration. I wish you the best of luck in your new position. Please feel free to contact me if I can be of any assistance to you.

With best wishes,

Sincerely yours,

  
JAMES R. JONES  
Member of Congress

Dear Jim!

JRJ/tfs

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

August 7, 1986

Dear Ben:

I share your concern with poverty alleviation in the developing countries and wish to assure you that it is among the top priorities of the World Bank.

You mention in your letter the Bank's efforts to improve the lot of the poor through programs in health, education and agriculture. The Bank has also been active in supporting small industry. In the last 10 years it has provided 70 different loans totalling over US\$2.5 billion to 36 countries to assist in the development of small and medium scale private enterprises. Efforts have also been made in recent years to channel part of these funds to the smallest category of businesses. Projects supported by the Bank in Indonesia, Sri Lanka, Bangladesh, Nepal, Colombia, Niger, Burkina Faso, Kenya and Mauritania, provide financial and technical assistance to artisans and microenterprises. In addition, a number of urban development projects recently funded by the World Bank, provided several million dollars for urban microenterprises in cities in India, North East Brazil, Colombia, and Guatemala. We expect to continue this effort in all regions of the developing world.

You rightly refer to the need for policy reforms: I too feel that the World Bank can best assist microenterprises by influencing governments to introduce policies and measures to stimulate growth through improvements in the business environment. The improvement of the business environment and the development of efficient, private institutions to provide financial and simple technical assistance are most crucial for promoting microenterprises.

The Bank chairs a committee of the donor agencies which deal with matters relating to micro and small scale enterprises. At its most recent meeting, the proposal of the Policy Sciences Center for a World Conference was discussed. The consensus was that a conference on microenterprises should be held under the aegis of the donor agencies at the professional not the ministerial/political level. The Bank will play a leading role in organizing the conference.

I shall be happy to meet you to discuss the issues you have raised. Let me say that my colleagues and I value your interest in poverty alleviation and your suggestions on microenterprises.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable

The Honorable Benjamin Gilman  
2160 Rayburn House  
Office Building  
House of Representatives  
Washington, D.C. 20515

MLong/AdeCapitani/SHusain:at

THE WORLD BANK

ROUTING SLIP

Date

July 30, 1986

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Golan

A 513

To Handle

Note and File

Appropriate Disposition

XX

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

Remarks

Please prepare an appropriate response  
for Mr. Conable's signature

"Dear Ben:"

Due date: August 6, 1986

Judith Maguire

From



BENJAMIN A. GILMAN  
22ND DISTRICT, NEW YORK

COMMITTEES:  
FOREIGN AFFAIRS

SUBCOMMITTEES:  
EUROPE AND MIDDLE EAST  
(RANKING MINORITY MEMBER)  
INTERNATIONAL OPERATIONS

Congress of the United States  
House of Representatives  
Washington, DC 20515

COMMITTEES:  
POST OFFICE AND CIVIL SERVICE

SUBCOMMITTEES:  
INVESTIGATIONS  
HUMAN RESOURCES

SELECT COMMITTEE ON  
NARCOTICS ABUSE AND  
CONTROL  
RANKING MINORITY MEMBER

SELECT COMMITTEE ON  
HUNGER

VICE CHAIRMAN,  
TASK FORCE ON  
AMERICAN PRISONERS AND  
MISSING IN SOUTHEAST ASIA

July 22, 1986

The Honorable Barber B. Conable, Jr.  
President  
The World Bank  
1818 H. Street, N.W.  
Washington, D.C. 20433

Dear Barber:

Although there are many issues confronting you (i.e. the debt crisis, IDA replenishment, African Development), there is one criterion that should be applied to all of them: the impact on poverty alleviation. Unlike the elites in developing countries and the commercial banks in developed countries, the indigent have little on their side other than well-intentioned donors.

An unusual opportunity to assist the poor is provided by the debt crisis. That crisis increases the need of developing countries for foreign capital and thus places the elites of those countries in a weaker bargaining position. The World Bank can exploit this situation by hard bargaining for policy reforms to alleviate poverty.

Some of the most promising areas for policy reform are in social service (e.g. public health, literacy, clean water, housing) and in small farm lending. The World Bank already has substantial experience from lending in those areas.

A new area for policy innovation is in financing non-farm enterprises owned by the poor. These "micro-enterprises" range from retailers of food and manufactures of farm implements in rural areas, to tailors and carpenters in urban areas. The Bank has done little in micro-enterprise finance and can do much more. This was affirmed in hearings before the Hunger and Banking Committees that I participated in on February 25th, 1986.

PLEASE REPLY TO:

WASHINGTON OFFICE:  
2160 RAYBURN BUILDING  
WASHINGTON, DC 20515

☐ TELEPHONE: (202) 225-3776

DISTRICT OFFICE:  
44 EAST AVENUE  
P.O. Box 358

MIDDLETOWN, NY 10940

☐ TELEPHONE: (914) 343-6666

DISTRICT OFFICE:  
190 BROADWAY

MONTICELLO, NY 12701

☐ TELEPHONE: (914) 796-1621

DISTRICT OFFICE:  
223 ROUTE 59

MONSEY, NY 10952

☐ TELEPHONE: (914) 357-9000

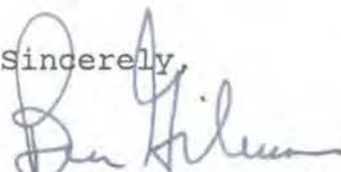
DISTRICT OFFICE:  
32 MAIN STREET  
HASTINGS-ON-HUDSON,  
NY 10706

☐ TELEPHONE: (914) 478-5550

I have been taking a leadership role in Congress on both poverty alleviation and micro-enterprise finance. For example, I recently sponsored H.R. 4894, the Micro-Enterprise Promotion Act.

When your schedule provides an opportunity, I would like to meet with you to discuss a leadership role for the World Bank on poverty alleviation through micro-enterprise finance. For example, to generate political will on micro-enterprise finance, The Policy Sciences Center, connected with Yale University, is planning a ministerial level conference. On behalf of the Center, Rimmer de Vries, Senior Vice President of Morgan Guaranty Trust Company wrote to Ernest Stern (on January 10, 1986) requesting that the Bank provide a facility and co-sponsor the conference. I believe this would be a worthwhile gesture on behalf of the Bank and hope you will give it your very consideration.

Sincerely,



BENJAMIN A. GILMAN  
Member of Congress

BAG:pbb

RECEIVED

1986 JUL 28 AM 9:20

OFFICE OF THE PRESIDENT

Nigel:

Tony Hall is in no hurry to talk with me on this one. He wants to have a meeting at his office before July is too far advanced. I should call him again within the first two weeks to set up an appointment.

I have told him I want to be better briefed on the substance of his concerns. I assume I will get this information generally and do not need any special briefing.

Barber Conable

Myra: pl's handle  
this & follow up w  
me / BBC on July 7 or  
so.  
N



ROUTING SLIP

Date

6/18

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Wenable

Also, B. Stanton will  
give you quick briefing.

JV

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

Remarks

Congressman Hall : his original  
letter & Mr. Clausen's reply  
of May 21

From

Nigel

May 21, 1986

The Honorable Tony P. Hall  
2448 Rayburn House  
Office Building  
House of Representatives  
Washington, D.C. 20515

A

Dear Congressman Hall:

Thank you for your letter of April 18, 1986, emphasizing the strong interest of many members of Congress in the Bank's poverty-oriented lending programs. We share your views on the importance of expanding opportunities for the poorest people in developing countries. I want to assure you that the alleviation of poverty is the most fundamental objective of the World Bank. We have no intention of diminishing our traditional project lending in such poverty-related areas as rural development, agriculture, health, education or water supply. However, in present circumstances, when incomes in many developing countries have been stagnant or declining, a crucial part of poverty alleviation must be to support policy and institutional changes that are conducive to growth in output. Without such growth, improvements in living conditions of the poor are likely to remain limited at best.

In the future, particular attention will continue to be paid to rural development lending; as you know, in Bank terminology, rural development lending is lending for the agricultural sector where 50 percent or more of the direct benefits are expected to accrue to those below the poverty threshold. We expect that in FY86, rural development lending will constitute about one-half of all agricultural lending. Overall, we expect direct lending for agriculture, which amounted to close to \$4 billion per year in FY84-86, to stabilize at around one quarter of the Bank's total lending over the next few years. However, it is also fair to say much of this lending, although not categorized as for rural development, will provide substantial benefits for the poor. For example, recent studies have shown that the benefits of agricultural research and extension projects accrue substantially to the poor - both producers and consumers. Support for structural adjustment and sustainable growth, through policy and institutional reform, will remain a major thrust of our assistance. However, it is important not to lose sight of the fact that these adjustment programs should provide an improved environment for agricultural growth.

The Bank is currently reviewing its overall strategy for agricultural development, including its poverty alleviation dimensions. We continually struggle with the question of how most

The Honorable Tony P. Hall

May 21, 1986

effectively to assist poor people in acquiring the skills and productive assets necessary to escape from poverty. As you are aware, a recent Bank study, "Poverty and Hunger", has major implications for poverty alleviation. An important point of this paper is that food insecurity and hunger are largely caused by the inadequacy and decline of incomes of poor people. Hence, there is a real need to broaden income earning opportunities for the poor in agricultural and non-agricultural activity. The Bank will continue to encourage this approach through its lending and through policy dialogue with its members.

With regard to your second area of concern, the primary health sector, I want to assure you that an expansion of our lending is underway. Lending for health programs is expected to increase from around \$200 million in FY85, to more than \$600 million in FY90. The main thrust of the lending is to improve delivery of health and family planning services to poor people. To the extent possible, this is done directly through the increase in coverage, efficiency and effectiveness of basic services, mainly in rural and urban areas. As improvements in service delivery require improvements in the overall systems, part of our effort is to strengthen health and population planning capacity, administrative systems, management and training programs in developing countries.

I would particularly like to stress the importance of expansion and improvements in family planning services as key elements in improving health and alleviating poverty. These are essential not only to improving maternal and child health, but are also the most direct ways of dealing with one of the basic underlying causes of poverty — rapid population growth. A rapidly growing population seriously compromises improvement in living standards in developing countries. It implies severe constraints on extending education and basic health beyond current rudimentary levels. It is likely to cause further degradation of the natural environment. Social and political stress is likely to increase as a result of stagnant wages, high unemployment and overcrowding in cities. As a result, the Bank is giving particular emphasis to expanding lending for population and family planning services, which is expected to grow steadily over the coming years. A major part of the effort is focused on Sub-Saharan Africa.

I share your concern about the impact of economic adjustment measures on the poor. The relationship between poverty alleviation and adjustment is complex. Some lower income groups may be adversely affected over the short term by certain adjustment measures and reforms. But we should not conclude that poverty alleviation and adjustment are therefore inconsistent objectives... on the contrary. Planned adjustments are essential, because in many countries existing policies and claims on resources are untenable. The issue in such cases is not whether adjustment should take place, but whether it will be planned or haphazard.



The Honorable Tony P. Hall

May 21, 1986

The complex relationship between poverty alleviation and policy adjustment can be illustrated by the difficult case of reduced subsidies for food and other staples, a necessary reform measure in a large number of adjustment programs. Reduced subsidies will entail higher costs to consumers, but the bulk of these subsidies often do not benefit the poor; on the other hand, rural producers of these commodities, who often are poor, will usually benefit from higher crop prices. All too often the benefits of food subsidies flow disproportionately to urban workers and civil servants, who are politically influential, but who are not the poorest members of society. A targeted program for affected groups can be a more effective instrument of poverty alleviation. On the other hand, the reduced subsidies also help narrow fiscal deficits, thus freeing up government resources for programs important to the poor -- such as health, education, and rural water supply.

Another frequent component of adjustment programs is the removal of protectionist barriers such as import tariffs, quotas, or onerous licensing procedures. The removal of these barriers will stimulate efficiency and exports, but inefficient, high cost domestic producers will suffer. As a result, employment in the affected industries may decline over the short haul. To that extent, the adjustment process can impact adversely on the poor. Nevertheless, it is usually not the unskilled, relatively mobile work forces which resist such measures, but rather the industrial managers who must shift their investments to new enterprises. When such inefficient, low-growth industries are preserved, they only perpetuate the low growth of industrial employment -- and that has a direct negative impact on the poor.

Over the medium term, it is not active adjustment efforts, but the failure to adjust which harms the poor -- through spiraling inflation, low agricultural producer prices, industrial stagnation and high unemployment, and inadequate social services. Without efficient adjustment, conditions will worsen and the poor will be forced to endure even more hardship. The real choice is not between poverty alleviation and adjustment programs; more accurately, the choice is between inappropriate programs and policies which aggravate poverty, and effective adjustment programs which will sustain economic growth over the medium term and thereby reduce poverty.

Finally, I would like to add that the extent to which the Bank can help the poor depends in large part on the financial resources at our disposal. We are now negotiating an eighth replenishment of IDA, the Bank's major channel of concessionary assistance to low income developing countries. IDA provides almost \$3 billion in funding each year for the world's poorest countries; in FY84-85, some 94 percent of these funds were directed at countries



The Honorable Tony P. Hall

May 21, 1986

with per capita incomes of under \$400. IDA's poverty focus is evidenced, moreover, by the fact that almost 42 percent of its commitments in FY84-85 were for agriculture and rural development.

As I said earlier, poverty alleviation is our most fundamental objective. We have no intention of diminishing our traditional project lending in such poverty-related areas as agriculture and health; more importantly, we expect the volume of this lending to expand in the years ahead. We will also continue to improve the design of our adjustment programs so as to minimize the transitional costs to low income groups. Our commitment in this area is absolute. We welcome your interest in these issues, and we look forward to working with you in support of our mutual objectives.

With best regards,

Sincerely,



A. W. Clausen  
President

bcc: Messrs. Botafogo, Stanton, Vogl, Roberts  
JM:amg  
Log. #498

May 29, 1986

The World Bank  
1818 "H" Street NW  
Washington DC 20433

The Honorable Alfonse M. D'Amato  
The United States Senate  
Washington DC 20510

Dear Al:

Thank you for your kind words of congratulations.

I was particularly interested in the copy you sent me of the congressional letter sent to Mr. Clausen in April this year. The alleviation of poverty is the essence of the Bank's mission and I shall look forward to counting on the support of the Senate in accomplishing this vital world wide endeavor.

Sincerely,

Barber B. Conable

United States Senate

WASHINGTON, DC 20510

May 13, 1986

Mr. Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

Congratulations on your new position at the World Bank.

Because of my interest in eliminating domestic and international poverty, I wanted to bring to your attention a congressional letter which was sent to A.W. Clausen earlier this year.

Again, I am pleased with your new position. I look forward to working with you in the future.

Sincerely,



Alfonse M. D'Amato  
United States Senator

AMD:gmm  
Enclosure

# Congress of the United States

## House of Representatives

Washington, D.C. 20515

April 18, 1986

Mr. A.W. Clausen  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Clausen,

We are writing to you because of our interest in the Bank's poverty-oriented development lending. As you know, despite substantial economic growth in South Asia and other regions, absolute poverty continues to threaten the lives of hundreds of millions of people in the Bank's borrower countries. There is strong public support in the United States and other industrialized nations for efforts to assist the most destitute, as the recent outpouring of support in response to the African crisis made clear.

We commend the Bank's equity-oriented work which shows that absolute poverty can be overcome. The Bank's poverty-directed projects in the agricultural sector (rural development projects) have promoted growth with equity by enabling millions of poor people to become more economically productive. The Bank's cofinancing of International Fund for Agricultural Development projects to increase incomes and food production among the poor is especially noteworthy. We are also encouraged by the Bank's leadership in promoting the new opportunities in primary health care, for example through Bank sponsorship of the Bellagio conference on immunization and The Task Force for Child Survival.

Given the Bank's past achievements, we would be interested to learn of the Bank's plans for the future with regard to poverty alleviation. We have three particular areas of interest.

The first concerns rural development, which as you know is the largest of the Bank's poverty-oriented sectors. Rural development lending has fallen from 18% of Bank lending in fiscal 1981 to 10.9% in fiscal 1985. We were glad to note that the Bank's most recent Focus on Poverty report concluded that there was a need to increase the proportion of rural development lending. We were also glad to note that the proportion of rural development lending in fiscal year 1985, although lower than the 1981-82 range, was up slightly from the previous year. We would be interested to know if this trend is likely



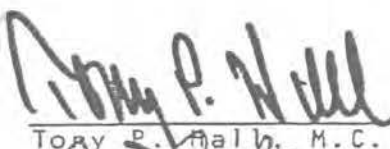
to continue, and more generally what the Bank's plans are with regard to the future proportion of rural development lending and the overall poverty-orientation of lending for agriculture.

Our second area of interest concerns the Bank's plans in the primary health sector. Bank lending in this area currently amounts to approximately 1% of total lending. This is lower than the corresponding figure for American bilateral development assistance. (Over 8% of the Development Assistance goes for primary health.) We know of the Bank's awareness of the economic and social potential of primary health measures and would be interested to hear how the Bank sees the future lending share of this sector.

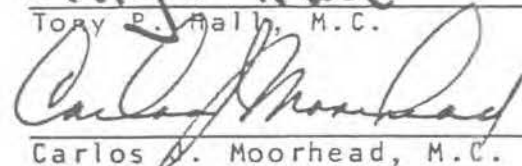
Finally, we are interested in the impact on the poor of the policy reforms which the Bank is supporting in its lending program. The Bank's Focus on Poverty report noted the need to minimize the burden on the poor of economic adjustment measures. We would be extremely interested to hear about safeguards to ensure that Bank-supported policy reforms do not worsen the situation of the poorest people.

Congressional support for the Bank, particularly for the International Development Association, rests in considerable part on the extent to which the institution is seen as carrying out long-term development projects which help the poorest. Accordingly, information about the Bank's plans to effectively assist the poorest people would be helpful in building support in Congress for the Bank.

Yours sincerely,



Tony P. Hall, M.C.



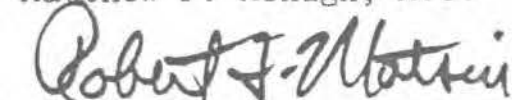
Carlos V. Moorhead, M.C.



Leon E. Panetta, M.C.



Matthew F. McHugh, M.C.



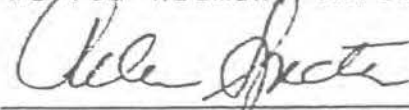
Robert T. Matsui, M.C.



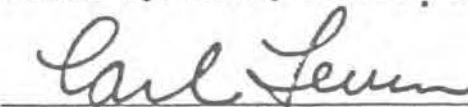
Slade Gorton, United States Senate



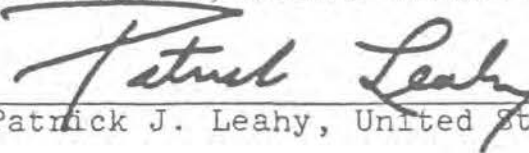
Warren Rudman, United States Senate



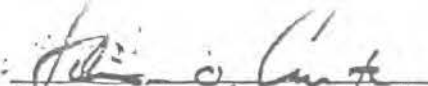
Arlen Specter, United States Senate

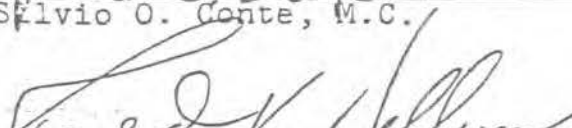


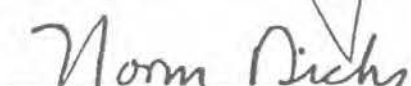
Carl Levin, United States Senate

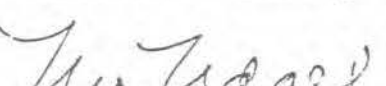


Patrick J. Leahy, United States Senate

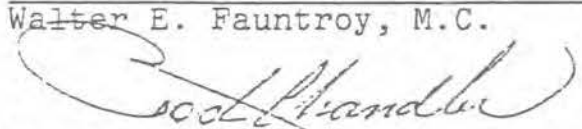
  
Silvio O. Conte, M.C.

  
Ronald V. Dellums, M.C.

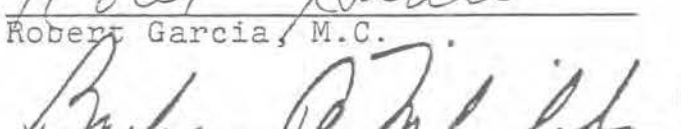
  
Norman D. Dicks, M.C.

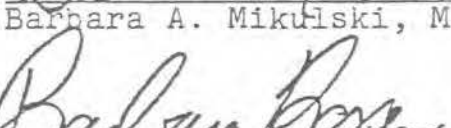
  
Morris K. Udall, M.C.

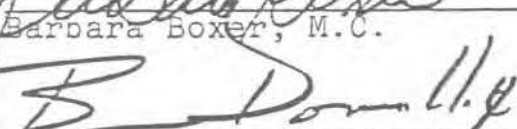
  
Walter E. Fauntroy, M.C.

  
Rod Chandler, M.C.


  
Robert Garcia, M.C.

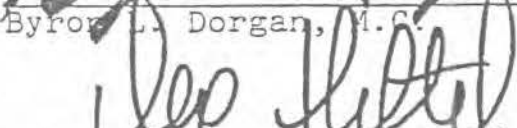
  
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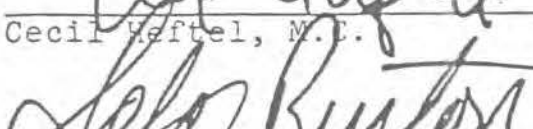
  
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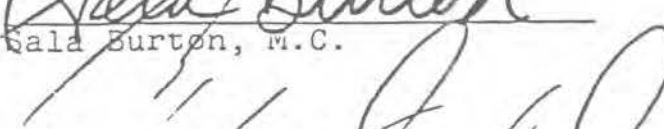
  
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Esteban Edward Torres, M.C.

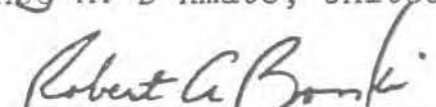
  
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Cecil Heftel, M.C.

  
Sala Burton, M.C.


  
Thomas Jacobs, Jr., M.C.

  
Alfonse M. D'Amato, United States Senator

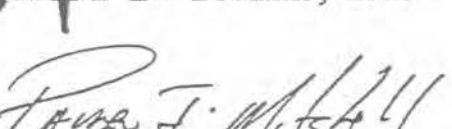
  
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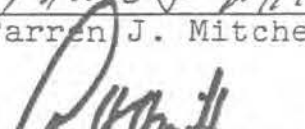
  
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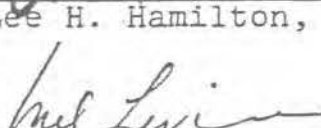
  
Nicholas Mavroules, M.C.


  
Frank McCloskey, M.C.

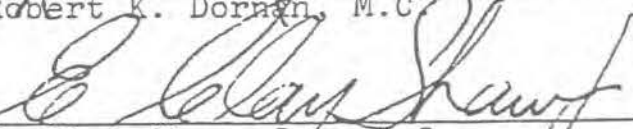
  
Howard L. Berman, M.C.

  
Parren J. Mitchell, M.C.

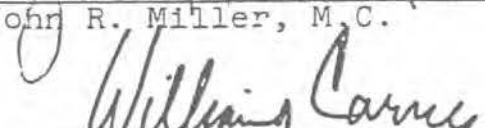
  
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Mel Levine, M.C.

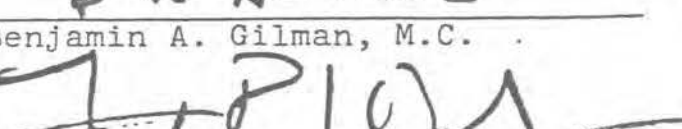
  
Robert K. Dornan, M.C.

  
E. Clay Shaw, Jr., M.C.

  
John R. Miller, M.C.

  
William Carney, M.C.

  
Benjamin A. Gilman, M.C.

  
Frank R. Wolf, M.C.



Jim Moody

Jim Moody, M.C.

Marcy Kaptur

Marcy Kaptur, M.C.

Bill Lehman

William Lehman, M.C.

Pat Schroeder

Patricia Schroeder, M.C.

Daniel K. Akaka

Daniel K. Akaka, M.C.

Mike Synar

Mike Synar, M.C.

Anthony G. Beilenson

Anthony G. Beilenson, M.C.

Bob Kastenmeier

Robert W. Kastenmeier, M.C.

Al Swift

Al Swift, M.C.

Frank R. Lautenberg

Frank R. Lautenberg, United States Senate

Sam Nunn

Sam Nunn, United States Senate

Matthew J. Rinaldo

Matthew J. Rinaldo, M.C.

James M. Jeffords

James M. Jeffords, M.C.

William Proxmire

William Proxmire, United States Senate

Max Baucus

Max Baucus, United States Senate

Spark M. Matsunaga

Spark M. Matsunaga, United States Senate

Jim Courter

Jim Courter, M.C.

Sherwood Boehlert

Sherwood Boehlert, M.C.

Bill Frenzel

Bill Frenzel, M.C.

Robert E. Badham

Robert E. Badham, M.C.

Julian C. Dixon

Julian C. Dixon, M.C.

Gary Hart

Gary Hart, United States Senate

JAMES H. SCHEUER  
8TH DISTRICT, NEW YORK

SCIENCE AND TECHNOLOGY  
COMMITTEE

CHAIRMAN, SUBCOMMITTEE ON  
NATURAL RESOURCES, AGRICULTURE  
RESEARCH AND ENVIRONMENT

COMMITTEE ON ENERGY AND  
COMMERCE

JOINT ECONOMIC COMMITTEE

#1069.  
Congress of the United States  
House of Representatives  
Washington, DC 20515

July 30, 1986

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(212) 892-6633  
NASSAU: (516) 466-3939

The Honorable Barber B. Conable  
700 New Hampshire Avenue, N.W.  
Apartment #1560  
Washington, D.C. 20037

BBC has ✓  
seen

Dear Jim:

Dear Barber:

Last month I asked my friend, Chuck Weiss, Science and Technology Advisor at the World Bank, to give me some thoughts on how the Bank could fine-tune its assistance through technology and science to developing countries.

No need for  
response.

I talked  
to Chuck  
Weiss

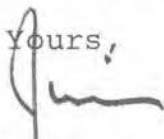
June

08/28

The enclosed is his response; it is thoughtful and to the point, and I thought it would be of interest to you.

I hope to see you soon, Barber.

Yours,



JAMES H. SCHEUER, M.C.

Chuck is an enormously  
talented - and nice - guy.  
You might want to chat  
with him one day. JHS



CHARLES WEISS, JR.  
6309 CRATHIE LANE  
BETHESDA, MD 20816

June 4, 1986

Hon. James Scheuer  
2435 Tracy Place, N.W.  
Washington, D.C. 20008

Dear Jim:

After our telephone chat two weeks ago, you suggested that I set down some personal thoughts relating to the role of the World Bank in helping science and technology to contribute to the growth of the developing countries. These ideas are based on my 15 years of experience as the first science and technology adviser to the Bank, a position which I shall be leaving this year.

The revolution now underway in biotechnology, computers, materials, and other technologies is a major challenge to the economies of the developing countries. If the new techniques can be applied to the particular needs of developing countries, they can open up new opportunities for a more productive agriculture, better health care, and more jobs.

But we cannot rely for this purpose on research in the advanced countries. In these days of limited resources, such research is focused on how the advanced countries can stay competitive with each other, commercially or militarily, and how they can reduce their dependence on the developing countries for materials and cheap labor. On their own, they will have little research effort to spare for the special problems of developing countries, whatever the humanitarian appeal of these problems may be.

The World Bank has been a leader in developing new techniques for farming, for fighting disease, and for providing basic water and sanitation. It has also pioneered in new approaches to help developing countries to build their own capacity to deal with technology--so that they will invest less in debt-creating boondoggles, and more in environmentally sustainable, job-creating technologies.

Many areas of science and technology cry out for this kind of leadership: population, forestry, "high technology" for computer-aided teaching, remote sensing and weather forecasting; and low-cost technology to relieve women's drudgery, to save the tropical rain forest, and to help the poor farmers of Africa. There is a need both for international research and for building technical capability at the national level in the developing countries.

Despite its accomplishments in science and technology, the Bank's efforts in this critical area are far short of the need.

If the Bank is to exercise leadership in scientific and technological matters, it must devote more financial and intellectual resources to the task. New ideas must be systematically encouraged and staff time must be invested in long-term cross-sectoral and cross-disciplinary analysis of the scientific and technological elements of development strategy. Collaboration with private industry on the development and marketing of new technology suited to the developing

countries should be specifically encouraged, when this is the best way to meet a particular need. Finally, there must be a reasonable prospect that worthwhile strategies will be funded, whether by loans or grants as the situation requires.


Some aspects of this work can be accomplished within the Bank's present organization. Others demand a more flexible approach and a willingness to undertake a more detailed administration of grant money than is probably compatible with the Bank's main tasks.

I would therefore urge a dual approach. First, the Bank should establish a separate organization that can work closely with the science, technology and business communities in developed and developing countries. This organization would finance specific projects of research and development with grant money derived from Bank profits, perhaps with matching contributions from other donors.

Second, the top management of the Bank should make a commitment to science and technology as a central element of the Bank's own work, and invest the management effort needed to assure systematic attention to this aspect of development. This should be accompanied by the reestablishment of a focal point within the Bank's organization, to provide a strategic overview of advances in science and technology and their implications for the Bank's work. Such a focal point did exist until three years ago, but it was merged with the environmental office and allowed to wither.

I hope these observations are helpful.

With best regards,

A handwritten signature in cursive script, appearing to read "Chuck Weiss".

Charles Weiss



August 6, 1986

Dear Sonny:

Many thanks for your letter of July 17 in which you asked that we consider granting staff of the World Bank who are American citizens up to 15 days military leave annually.

This proposal gives us a problem. We employ staff from over 100 different countries, some with compulsory military service systems and others, such as the US, which rely on the voluntary approach. I am sure you will appreciate that our policies must provide uniform and equitable treatment of our staff from these many different countries. Thus, our practice, which is consistent with that of all other international organizations of which we are aware, is to give our staff the option of using their annual leave with full pay or taking leave of absence without pay for the period of any active military service.

Our annual leave entitlements are generous by American standards, although they are very much in line with practice in European countries and many other parts of the world. Annual leave is intended to be taken by staff members not only for rest and relaxation but when their individual circumstances, other than illness, require their absence from work. I do think it reasonable to ask staff, whether they be Americans or nationals of other countries, to use their annual leave entitlement to fulfill their regular commitments for reserve training duty. For an American on our staff this would normally still leave the individual with three weeks of annual vacation for other purposes.

Consistent with our practice in the few cases which have arisen in the past, we would be prepared to consider special leave and financial arrangements for any of our staff who may be called up for compulsory active duty in an emergency or crisis extending over a prolonged period of time. The financial arrangements would be determined ad hoc taking into account any pay or benefits due as a result of the military duty. Frankly, we consider this a balanced personnel policy which takes into account the interests of our member governments, the institution and the widely differing circumstances of staff members as regards their military obligations.

- 2 -

I was delighted to hear from you and I trust you will realize we fully share your concerns for a fair and reasonable treatment of staff who are committed to military service in their respective countries.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable  
President

The Honorable  
C.V. Montgomery  
The House of Representatives  
Washington, D.C. 20515

RAClarke: ean



ROUTING SLIP

DATE

August 6, 1986

OFFICE OF THE VICE PRESIDENT  
PERSONNEL AND ADMINISTRATION

Ms. Judith Maguire

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

x

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

INITIAL

RECOMMENDATION

NOTE AND FILE

SIGNATURE

## REMARKS:

For Mr. Conable's signature.  
This letter has been cleared with  
Mr. Paijmans.

+ Best regards

Roberto

OK with Bill Stanton

FROM:

Roberto Chadwick

ROOM NO.:

A1236

EXTENSION:

76667

## THE WORLD BANK

## ROUTING SLIP

Date

July 29, 1986

## OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Paijmans

A1236

To Handle

Note and File

Appropriate Disposition

Prepare Reply

Approval

Per Our Conversation

Information

Recommendation

## Remarks

Please prepare an appropriate  
response for Mr. Conable's signature.

"The Honorable"

"Dear Sonny:"

Due Date: August 6, 1986

Judith Maguire

From

WASHINGTON OFFICE  
2184 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-5031

COMMITTEES:  
VETERANS' AFFAIRS  
CHAIRMAN  
ARMED SERVICES

ADMINISTRATIVE ASSISTANT:  
ANDRE CLEMANDOT

G.V. "SONNY" MONTGOMERY  
3d DISTRICT, MISSISSIPPI

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

DISTRICT OFFICES:  
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GOLDEN TRIANGLE AIRPORT  
COLUMBUS, MS 39701  
(601) 327-2766

FEDERAL BUILDING  
LAUREL, MS 39440  
(601) 649-1231

July 17, 1986

Mr. Barber Conable  
President  
World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

*Barber*  
Dear Mr. Conable:

As you are aware, the viability of our country's reserve forces has been one of my key legislative priorities in Congress. The National Guard and Reserve are more important to the defense of our country today than ever before. In order to carry out their military obligation, Guard and Reserve members must have the support of their employers.

Unfortunately, too many of our citizen soldiers, airmen, sailors, and marines experience hiring discrimination by private and public employers. To remedy this injustice, I introduced H.R. 2798, a bill aimed at preventing such discrimination. This legislation received approval of the House of Representatives on June 17, 1986.

It has come to my attention that the international financial organizations, in particular the World Bank and Inter American Development Bank (IDB), may be among those employers who discriminate against American citizen employees who have reserve obligations. An example of such discrimination allegedly took place during the 1983 Grenada rescue operations. I am advised that an employee of IDB who was voluntarily mobilized for 11 days during this operation was subsequently required to take leave without pay to compensate IDB for this period.


In order to eliminate this discriminatory treatment of U.S. citizens who have a reserve obligation, I propose that the international financial organizations give consideration to a leave with pay policy of up to 15 days military leave annually. I would think that implementation of such a policy could be accomplished with only a minor modification to current personnel regulations.

Mr. Barber Conable/2

7/14/86

The men and women in your employ who perform double duty in servicing our country and in protecting world peace deserve our support. I thank you in advance for your consideration of the problem I've described and my suggested solution. I would appreciate hearing your thoughts on the matter and will be happy to provide further assistance, if needed.

Sincerely,

  
G. V. (SONNY) MONTGOMERY  
Member of Congress

GVM/pgp

*Thanks Barber -*



TONY P. HALL

THIRD DISTRICT, OHIO

COMMITTEES:

HOUSE COMMITTEE ON RULES

SUBCOMMITTEE ON RULES OF  
THE HOUSE

SELECT COMMITTEE ON HUNGER

CHAIRMAN, INTERNATIONAL  
TASK FORCE ON HUNGER

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DAYTON, OH 45402  
(513) 225-2843

Congress of the United States  
House of Representatives  
Washington, DC 20515

September 16, 1986

Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D. C. 20433

Dear Barber:

I want to take this opportunity to reconfirm your breakfast discussion with interested Representatives and Senators on Tuesday, September 23, 1986, at 8:30 a.m. in B-338 of the Rayburn House Office Building. We are looking forward to hearing you, and we expect to have a good attendance.

As you will recall, the topic for discussion is billed: "Is World Bank Assistance Reaching the Poor?" We are looking forward to having your thoughts on the Bank's efforts to reduce poverty and to enhance basic health care in the developing world.

The discussion will be off-the-record. With the exception of the staff involved in arranging the breakfast, attendance will be limited to Members and Senators only.

At our summer meeting in the Capitol to discuss this presentation, you indicated that you were planning to use this forum to announce the creation of a task force to study ways in which additional primary health care funding could be utilized within the Bank's lending activities. Since many of those attending have indicated their interest in this and related issues, information about such a task force would be most informative to this group.

Again, many thanks for working this breakfast discussion into your schedule. We are looking forward to the event next Tuesday!

Best regards.

Sincerely,

Tony P. Hall  
Member of Congress

TPH:msr

Breakfast - Members of Congress  
Tuesday, September 23, 1986  
8:30 a.m.

Topic: "Is the World Bank Assistance Reaching the Poor?"

Participants: 62 Congressmen have accepted. Half of these signed Hall's letter asking about the Bank's dedication to poverty-related issues, particularly funding for health programs.

Remarks

1. You might want to open with a few remarks about your personal impressions of the Bank since you became President almost three months ago.
2. There are a number of issues which are being widely discussed in relation to the Bank--e.g. debt, trade links between the U.S. and the developing world, and structural adjustment programs. However, you want to affirm today that the alleviation of poverty is the most fundamental objective of the World Bank. The Bank has no intention of diminishing its traditional project lending in the fields of health, rural development, and agriculture.

Health Programs

You are in the process of setting up a task force to study ways in which primary health care funding can be expanded in the framework of the Bank's overall lending programs. (Mr. Hall says you promised to set up this task force when you met him this summer. Nothing has been done on this as yet here at the Bank.)

"It seems to me that the World Bank could indeed devote more resources to efforts to improve health and nutrition, especially in Africa. When I learn that an African mother is 50 to 100 times more likely to die in childbirth than an American mother, I wonder if we're paying enough attention to the special problems of women in poverty. And although low-cost techniques for improving child health are now available, very poor people in Africa are not being reached by health and nutrition services. We need to do much more in this area and, if I have my way, we will."

### Rural Development

You recognize that the percentage of lending devoted to rural development declined in the early Eighties. That was partly because some of the rural development projects that the Bank financed in the Seventies didn't work very well, and the World Bank had enough sense to learn from its mistakes. Over the last couple of years, the Bank has modestly increased the percentage of lending devoted to rural development again, now concentrating on projects that are considerably less complicated in design. One especially pressing aspect of the problem of rural poverty is deforestation and poor land management in parts of the developing world. One issue on which I feel very strongly is that we must pay far greater attention to environmental issues in the future.

### Impact of Structural Adjustment Loans on the Poor

The Bank is giving serious attention to poverty issues in its programs of support for economic adjustment. Given the economic and financial crisis in many developing countries, the Bank has concentrated on policies to get economic growth going again. Without growth, there can be no significant progress against poverty. But resuming growth requires a significant amount of structural change, some of which can hurt the more vulnerable groups. These groups can be provided with some protection, and the Bank is indeed giving more specific attention to the needs of low-income groups in its analysis of adjustment programs.

### Question Period

There will be time for questions from the audience. The attached questions were submitted to us by Mr. Hall's staff. They may well be asked by various members.

QUESTIONS MEMBERS OF CONGRESS COULD ASK AT  
BREAKFAST WITH WORLD BANK PRESIDENT BARBER CONABLE

1. We are pleased to learn that the Bank plans to increase primary health lending to 3% of total lending. Is there the possibility of moving it even closer to 8%, which is the current proportion of US bilateral development assistance going for primary health care?

We are expecting to further increase our population and related health lending over the next few years. All such lending involves primary health care directly or strengthens systems which support and expand primary health care. We don't have a percentage target but we do hope to be able to respond to priority demands by borrowers and we expect our lending in these areas to average \$300-400 million a year. We have been strengthening the Bank's Population, Health and Nutrition department to be able to respond in this way. I am pleased to note that USAID is lending 8% of its assistance for primary health care, but I don't think there is any value in making direct comparisons between USAID and the Bank's programs and projects.

2. Rural development lending has been declining from 18% of Bank lending in FY'81 to 10.9% of Bank lending in FY'85. Since this is the Bank's largest poverty sector, how do you respond to this problem?

This is in large part simply a matter of the way the Bank classifies its lending. In FY'86 lending for Agriculture and Rural Development was \$4.8 billion, the largest figure ever and nearly 30 percent of total Bank lending. The major shift in our lending for agriculture has been in the increase in Agriculture Sector loans in support of policy change which rose from 1.3% of all ARD (Agriculture and Rural Development) lending in FY80-83 to 25% in FY 86. These loans often have a major impact on the economic status of the rural poor. An important policy component of these loans is to raise agricultural prices to international levels and the consequence is higher incomes for small farmers and higher agricultural wages. In classifying projects as Rural Development however, we only include investment projects for which more than 50 percent of the beneficiaries fall into the target poverty group in the country. This single indicator therefore substantially understates what the Bank is doing for the rural poor.

3. What safeguards are in place to assure that adjustment programs the Bank supports do not harm the poorest people?

Whenever the Bank supports an adjustment program we examine the effect of that program on standards of living of the poor in the country. Don't run away with the idea that these programs necessarily result in the poor being worse off. Many of these programs raise agricultural prices to world price levels and this means higher income for small farmers who are among the poorest people in many countries. The problem then arises of how to protect the urban poor from the effects of higher prices. A good example of what we are doing in this area is our program in Morocco where we will be helping the government to target its food programs directly to the poor by expanding the national feeding program from 17 percent of vulnerable primary school children to 34 percent and increasing the coverage of food distribution centers for mothers and younger children from 3 percent of the population to 6 percent.



4. We're impressed with the Bank's support of the Task Force for Child Survival. What is the Bank doing in its lending program to promote the goal of immunizing the world's children by 1990

Of course the Bank is going to continue to take part in the Task force for Child Survival and provide both support and financing. Virtually all our projects in this area provide system support for immunization programs as part of a broad health care delivery system and many of our projects are financing the actual immunization programs themselves. We must not forget, however, that in addition to immunization, child survival includes a range of other critical interventions, such as family planning, nutritional support and oral rehydration.

5. Micro-enterprise loans to the poorest people, people previously thought to be poor credit risks, have shown the possibility of unleashing the energies of hundreds of millions of landless poor around the world. The IFAD co-financed Grameen Bank in Bangladesh has loaned over \$30 million. Repayment on these loans, which average \$60, is an impressive 99%. What can the Bank do to focus on and expand in this sector?

While we endorse the usefulness of such activities, the Bank's comparative advantage as an institution is unlikely to be in financing \$60 loans to individuals. What we have focussed on and will continue to focus on is in making sure that micro-enterprise is profitable because the policy framework is appropriate in terms of the pricing and cost structure, and in working with the intermediary institutions, to improve their capacity to appraise, finance and secure repayment of such loans. With regard to the latter, as you are aware, many agricultural financial intermediaries in the developing world are in a poor financial and organisational state. If these institutions are asked to engage in programs of this kind in their present shape, there is little likelihood that the loans will be used for productive purposes or go to the people who really need them. The Bank is working with many of these institutions to turn around their capacity to finance and assist small borrowers.

6. In your early interviews with the press, you indicated that the debt crisis is a high priority for you. What can the Bank do to specifically reduce poverty and hunger in the highly indebted countries?

As my predecessor and I have pointed out time and again, there is no solution to these problems except in the context of growth. The Bank's efforts are directed at restoring growth in the high debt countries. That means supporting new investment in both the public and private sectors. And that investment is not just building physical capital, but also human capital. The Bank will continue to support expanded education and health services in these countries and to make sure that governments maintain high levels of allocations to those sectors. In addition, as you can see from my example of Morocco, we are supporting special targetted programs to make sure that the scarce money which is spent on subsidies actually reaches the poorest and neediest sections of the population.

7. Where does the Bank stand with regard to the goal of eradicating deaths due to hunger and hunger-related disease by the year 2000?

Let me refer you to a document we recently published entitled "~~Poverty~~ and Hunger" which clarifies the causes, disentangles the related questions of food security and food self-sufficiency, and shows the major role that income generation plays in alleviating hunger. Success in eradicating poverty will be a function of success in generating additional incomes, particularly higher incomes for the poorest groups. The year 2000 is only 13 years ahead of us, and a considerable and increasing proportion of the world's population still lives in poverty and hunger at a time when the commitment to international aid is wavering. Yet it is not conceivable that poor countries will pull themselves out of their poverty without substantial, concessionary aid, significant trade opportunities, and of course the domestic policies necessary to take advantage of the opportunities presented by increased aid and trade.

8. The International Fund for Agricultural Development (IFAD) is highly regarded because of its success in reaching the poor. I'm pleased to learn that over 50% of IFAD projects are co-financed with the Bank. Are there plans to increase the number of projects co-financed with IFAD?

The relationship between the Bank and IFAD is a very close one and goes far beyond co-financing. We appraise and supervise a significant number of IFAD projects over and above those co-financed with them. There are no significant differences of approach between IFAD and us, except that IFAD finances only poverty-oriented Rural Development Projects, whereas our mandate is broader. Given the increasing scarcity of IFAD funds their requests for co-financing with the Bank may well increase in future and we hope to be able to respond positively to those requests.

9. I understand that you've shown a lot of interest in Private Voluntary Organisations (PVO's) that work in developing countries at the grass roots level. Do you see opportunities for the World Bank to do more work with PVO's during your term at the Bank?

I am convinced that the Private Voluntary Organisations have a crucial role to play in promoting effective local participation in such key development activities as health, education, urban and rural development and small-scale enterprise. We are at present holding meetings in Latin America, Asia and Africa with both PVO's and representatives of the governments concerned to discuss how best to develop closer cooperation and how the World Bank can best assist the PVOs in their work in the field. In recent years co-ordination between the Bank and the PVO's, or NGO's (non-governmental organisations) as we call them, has been strengthened and there is a World-Bank-NGO Committee on which the major NGOs are represented. The Committee will be holding its seventh Annual Meeting in a month or so and I look forward to their suggestions for further enhancing the Bank's efforts in this area.

TONY P. HALL  
THIRD DISTRICT, OHIO

COMMITTEES:

HOUSE COMMITTEE ON RULES  
SUBCOMMITTEE ON RULES OF  
THE HOUSE

SELECT COMMITTEE ON HUNGER  
CHAIRMAN, INTERNATIONAL  
TASK FORCE ON HUNGER

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Congress of the United States  
House of Representatives  
Washington, DC 20515

September 16, 1986

Honorable Barber Conable  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D. C. 20433

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I want to take this opportunity to reconfirm your breakfast discussion with interested Representatives and Senators on Tuesday, September 23, 1986, at 8:30 a.m. in B-338 of the Rayburn House Office Building. We are looking forward to hearing you, and we expect to have a good attendance.

As you will recall, the topic for discussion is billed: "Is World Bank Assistance Reaching the Poor?" We are looking forward to having your thoughts on the Bank's efforts to reduce poverty and to enhance basic health care in the developing world.

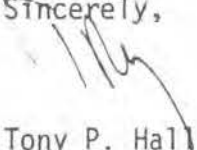
The discussion will be off-the-record. With the exception of the staff involved in arranging the breakfast, attendance will be limited to Members and Senators only.

At our summer meeting in the Capitol to discuss this presentation, you indicated that you were planning to use this forum to announce the creation of a task force to study ways in which additional primary health care funding could be utilized within the Bank's lending activities. Since many of those attending have indicated their interest in this and related issues, information about such a task force would be most informative to this group.

Again, many thanks for working this breakfast discussion into your schedule. We are looking forward to the event next Tuesday!

Best regards.

Sincerely,

  
Tony P. Hall  
Member of Congress

TPH:msr



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 28, 1986

Dear Mickey:

Thanks very much for your kind and thoughtful letter of October 8. I have become increasingly aware of the common interests of the Select Committee on Hunger and the World Bank. The problems we face are immense, but you are right to point out that there has been tremendous progress in many developing countries--including, of course, in food production. We must continue to exercise ingenuity and leadership to help assure that this progress is sustained.

You can be sure that I will do everything possible to support and strengthen the basic objectives of the Bank--the alleviation of poverty and the achievement of sustained economic growth. In this work I will need your help and advice and I look forward to working with you in the months ahead.

With all best wishes.

Sincerely,

The Honorable Mickey Leland  
Chairman  
Select Committee on Hunger  
H2-507 - House Annex 2  
Washington, D.C. 20515

*logged at  
11/24/86  
CS*



MISSOURI  
TEXAS  
OHIO  
MICHIGAN  
PANETTA, CALIFORNIA  
DASCHLE, SOUTH DAKOTA  
FAZIO, CALIFORNIA  
SAM GEJDENSON, CONNECTICUT  
PETER H. KOSTMAYER, PENNSYLVANIA  
SALA BURTON, CALIFORNIA  
BYRON L. DORGAN, NORTH DAKOTA

MIRANDA G. KATSOYANNIS  
CHIEF OF STAFF

TELEPHONE: (202) 226-5470

# U.S. House of Representatives

## SELECT COMMITTEE ON HUNGER

Room H2-507, House Office Building, Annex No. 2

WASHINGTON, DC 20515

MARGE ROUKEMA, NEW JERSEY  
RANKING MINORITY MEMBER  
BILL EMERSON, MISSOURI  
SID MORRISON, WASHINGTON  
BENJAMIN A. GILMAN, NEW YORK  
COOPER EVANS, IOWA  
ROBERT F. (BOB) SMITH, OREGON  
DOUG BEREUTER, NEBRASKA

JOHN D. CUTTELL  
MINORITY STAFF DIRECTOR

TELEPHONE: (202) 226-5460

October 8, 1986

Mr. Barber Conable, President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

I am writing to congratulate you most sincerely on your recent appointment as president of the World Bank. The honor you have received is well-deserved, and, as Chairman of the Select Committee on Hunger, I am glad to see the Bank in such capable hands.

The Select Committee on Hunger and the World Bank have a common goal in assuring that the poorest nations and the poorest individuals have access to both the means of survival and the means of development. World Bank lending programs, especially those that have been targeted at alleviating poverty, have been one of the most effective tools in aiding developing nations. I was thus pleased to hear you rededicate the Bank to the continued development of poor nations in your address before the recent IMF and World Bank annual meeting.

I look forward to the opportunity of working together on our shared objectives. We face many difficult challenges ahead in a period of limited funding for development assistance. Addressing environmental deterioration, an unprecedented debt crisis, declining export earnings, rapid population growth, primary health care needs and other critical development requirements will demand our best efforts. However, we also have indications of progress and encouragement as China and India continue to expand food production and many African nations show real signs of committing themselves to achieving food self-sufficiency. The efforts of the World Bank to address these needs and to exploit these opportunities will be central to progress in advancing basic human needs and development goals. The Select Committee on Hunger looks forward to your leadership on these issues.

Again, please accept my congratulations on your appointment. I look forward to working together on so many common objectives.

Sincerely,



MICKEY LELAND  
Chairman

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

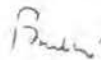
October 28, 1986

Dear Ben:

Thank you for bringing the proposal of the Policy Sciences Center for a World Conference on Microenterprises to my personal attention. After considering the proposal and discussing it with the staff, I have decided to follow the course recommended at the meeting of the donor agencies as mentioned in my letter of August 7. The Bank will assist in organizing a conference on microenterprises but at the professional rather than the policy making level. What is needed now are soundly based proposals for helping microenterprises which, I hope, will emerge from that conference. Mr. Penna should be commended both for his interesting proposal and for the vigor with which he has promoted a world conference.

Going beyond the issue of microenterprises, I can assure you that, as I indicated in my speech at the Annual Meetings, the World Bank during my administration will give priority to improving the welfare of the lowest income groups. I would be pleased to discuss any suggestions you and your colleagues in Congress may have to further this objective.

Sincerely,



The Honorable Benjamin Gilman  
2160 Rayburn House  
Office Building  
House of Representatives  
Washington, D.C. 20515

ROUTING SLIP		DATE: 1/9/86	
NAME		ROOM NO.	
Jennifer Volk		E-1227	
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
CLEARANCE	✓	PER OUR CONVERSATION	
COMMENT		PER YOUR REQUEST	
FOR ACTION		PREPARE REPLY	
INFORMATION		RECOMMENDATION	
INITIAL		SIGNATURE	
NOTE AND FILE		URGENT	
REMARKS:			
FROM: Shirley Solomon		ROOM NO.: A-513	EXTENSION: 72396

BENJAMIN A. GILMAN  
22ND DISTRICT, NEW YORK

COMMITTEES:  
FOREIGN AFFAIRS

SUBCOMMITTEES:  
EUROPE AND MIDDLE EAST  
(RANKING MINORITY MEMBER)  
INTERNATIONAL OPERATIONS

Congress of the United States  
House of Representatives  
Washington, DC 20515

COMMITTEES  
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HUMAN RESOURCES

SELECT COMMITTEE ON  
NARCOTICS ABUSE AND  
CONTROL  
RANKING MINORITY MEMBER

SELECT COMMITTEE ON  
HUNGER

VICE CHAIRMAN,  
TASK FORCE ON  
AMERICAN PRISONERS AND  
MISSING IN SOUTHEAST ASIA

September 26, 1986

The Honorable Barber B. Conable, Jr.  
President  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

Pursuant to your request at our recent breakfast meeting, please find enclosed, information concerning the Policy Sciences Center proposal for a ministerial/political level World Conference on Micro-Enterprise Finance, my July 22 letter to you requesting that the Bank provide a facility and cosponsor the conference and your August 7 response rejecting that request.

Although you indicated in your letter that poverty alleviation is among the top priorities of the Bank, a recent study by the Overseas Development Council demonstrates that the Bank's percentage of lending for poverty alleviation declined fully 10% from 1981 through 1985. Specifically, it dropped from 34% of the Bank's total lending to 30.7%.

Moreover, you stated that to improve the lot of the poor the Bank has loaned 2.5 billion dollars for small and medium scale enterprises. However, in practice, loans for small and medium scale enterprises have almost never reached borrowers who required less than \$50,000.

PLEASE REPLY TO:

WASHINGTON OFFICE:  
2160 RAYBURN BUILDING  
WASHINGTON, DC 20515

☐ TELEPHONE: (202) 225-3776

DISTRICT OFFICE  
44 EAST AVENUE  
P.O. BOX 358

MIDDLETOWN, NY 10940

☐ TELEPHONE: (914) 343-6666

DISTRICT OFFICE  
190 BROADWAY

MONTICELLO, NY 12701

☐ TELEPHONE: (914) 796-1621

DISTRICT OFFICE  
223 ROUTE 59

MONSEY, NY 10952

☐ TELEPHONE: (914) 357-9000

DISTRICT OFFICE  
32 MAIN STREET  
HASTINGS-ON-HUDSON  
NY 10706

☐ TELEPHONE: (914) 478-5550



Although such enterprises might employ some poor people they primarily benefit the middle and upper classes. In contrast, micro-enterprise finance primarily benefits the poor.

Your letter also stated that the most recent meeting of a donor committee on small scale enterprises reached a consensus to establish a micro-enterprise conference under their aegis at the professional, not the political, level. However, in its meeting on July 18th that donor committee did not reach a consensus to conduct their conference (at a professional level) in lieu of, the conference proposed by the Policy Sciences Center (PSC) (at the political level).

A conference by the donors committee at the technical level does not preclude, but rather complements the proposal of the PSC for a meeting at the decision making level. In fact in the letter dated May 8th from Hugh Foster to Stan Lundine he says: "There is also a need to raise the awareness of policy makers within the developing countries about micro-enterprise related issues". That is precisely the purpose of the PSC proposal.

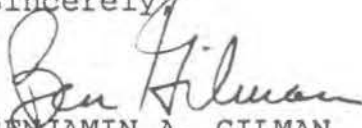
A professional meeting without a political meeting would result in no action. Therefore, I hope you will reconsider the proposal from the Policy Science Center.

I am glad that you and your colleagues value my interest in poverty alleviation through micro-enterprise finance. Several other Members of Congress and I would be very pleased to meet with you to discuss this subject and especially a special fund on micro-enterprise finance for the World Bank. Both the Banking and Hunger Committees wrote to the Bank about such a fund. In addition, the House has already passed legislation that incorporates the fund as a part of H.R. 4800, Section 422, Page 285.

Since we have much to talk about, I look forward to seeing soon.

With best wishes,

Sincerely,

  
BENJAMIN A. GILMAN  
Member of Congress

BAG:pbb





HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515

ROMANO L. MAZZOLI  
THIRD DISTRICT  
KENTUCKY

November 10, 1986

Honorable Barber B. Conable  
President  
The World Bank  
Washington, D. C. 20433

Dear Barber:

Many thanks for the letter extending congratulations to me on the passage, in the final hours of the 99th Congress, of my immigration reform bill.

The bill's enactment into law is a triumph of the national interest over the special interest.

It was a six-year struggle, and there were times even recently when the patient's "vital signs" were faint. But, we never gave up hope.

We felt that the people wanted Congress to do something about illegal immigration even if the lobbies didn't. And, in the end, the people prevailed.

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OFFICE

SECRET

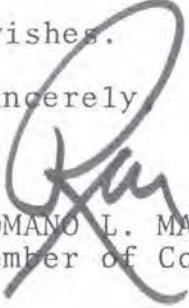


Honorable Barber B. Conable  
November 10, 1986  
Page Two

Again, many thanks for your thoughtful remembrance. You made this victory even more special.

All best wishes.

Sincerely,



ROMANO L. MAZZOLI  
Member of Congress

RLM:aoc

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

November 11, 1986

Dear George:

I suspect you have passed your greatest test, and I want to congratulate you on the successful conclusion of a very tough campaign. Many of us non-congressional types are grateful that you are going to be in the 100th Congress.

Best wishes.

Sincerely,



The Honorable  
George C. Wortley  
U. S. House of Representatives  
229 Cannon House Office Building  
Washington, D. C. 20515

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

November 11, 1986

Dear Amo:

I salute you at the beginning of what I am sure will be a very distinguished career in Congress. It is going to be a frustrating experience, but the potential psychic rewards for constructive people far exceed the difficulties. I know we will see quite a bit of each other, because I must do quite a bit of business with Congress, and I will stop by shortly after the first of the year to be sure they are treating you with all due respect.

Congratulations and best wishes.

Sincerely,



The Honorable  
Amory Houghton, Jr.  
1 Baron Steuben Place  
Corning, N. Y. 24830

November 12, 1986

Dear Jim:

Charlotte and I wish you and Olivia the very best in whatever your future plans may be. We were secretly crossing our fingers in your behalf (although I am not permitted to talk about politics in this immaculate new job of mine), and I personally am regretful that you are not going to be in the 100th Congress after so many years of healing work in the nation's behalf.

I hope we will hear of your plans and that they will permit us to cross each other's paths in the years to come.

Best wishes.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable

The Honorable  
James R. Jones  
U. S. House of Representatives  
203 Cannon House Office Building  
Washington, D. C. 20515



November 7, 1986

Dear Congressman Richardson:

Thank you for your letter of October 28 asking for a response to your letter of September 9.

I enclose a copy of a letter, dated September 18, from Ciro Gamarra of our Information and Public Affairs Department, sent to your attention at your Gallup, New Mexico office. In it, Mr. Gamarra made several suggestions which may be of assistance to your constituent, Miss Zaffke. A copy of the letter was sent to her as well.

For future reference, you may wish to amend your records to show that Barber Conable is now President of The World Bank. A. W. Clausen retired as of July 1, 1986.

Sincerely,

Myra Holsinger  
Executive Assistant  
to the President

The Honorable Bill Richardson  
Member of Congress  
Federal Building  
Room 360  
Gallup, New Mexico 87301

Enc.

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address INTBAFRAD  
Cable Address INDEVAS

September 18, 1986

The Honorable Bill Richardson  
U.S. House of Representatives  
Federal Building, Room 360  
Gallup, NM 87301

Dear Congressman Richardson:

Concerning your letter of September 9, 1986 to Mr. Clausen, I would recommend that your constituent be put in contact with the Inter-American Press Association (IAPA), based in Miami. IAPA is an organization that includes representatives of most of the printed news media in the United States and in Latin America. One of its objectives is to promote the capacitation and knowledge of both U.S. and Latin American journalists through fellowships and other training programs.

The contacts are:

William P. Williamson, Jr.  
Executive Director  
Inter-American Press Association

and


Julio E. Munoz  
Director  
IAPA Technical Center

Address: 2911 N.W. 39th Street, Miami, Florida 33142  
Phone: (305) 634-2465. Telex: 52 2873.

Another alternative for international experience could be the Organization of American States. I suggest that you contact Mr. Edgardo Costa-Reis, Director of Information (1889 F Street, N.W., LL-01, Washington, D.C. 20006).

I hope this answers your request.

Sincerely,

  
Pedro Gamarra  
Information and Public  
Affairs Department

CG:md

cc: Messrs. Vogl, Stanton, Blinkhorn  
Ms. Zaffke

BILL RICHARDSON  
3D DISTRICT, NEW MEXICO

COMMITTEES:  
ENERGY AND COMMERCE  
INTERIOR AND INSULAR AFFAIRS  
SELECT COMMITTEE ON AGING



Congress of the United States  
House of Representatives  
Washington, DC 20515

October 28, 1986

WASHINGTON OFFICE:  
325 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-6180

DISTRICT OFFICES:

SANTA FE:  
108 CATHEDRAL PLACE  
SUITE 122  
SANTA FE, NM 87501-2027  
(505) 988-6177

GALLUP:  
FEDERAL BUILDING, ROOM 380  
GALLUP, NM 87301  
(505) 722-6522

LAS VEGAS:  
SAN MIGUEL COUNTY COURTHOUSE  
P.O. BOX 1805  
Las Vegas, NM 87701  
(505) 425-7270

BELEN:  
HARVEY HOUSE  
104 FIRST ST. SE.  
BELEN, NM 87002  
(505) 864-1419

A.W. Clausen  
President  
International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Clausen:

Enclosed is a copy of a letter I sent you dated September 9, 1986.  
Although quite some time has passed, I have not received a response.

I respectfully request you advise me on the matter described as soon  
as possible. Please route a response to me through my Gallup, New Mexico  
address noted above.

Thank you very much for all the assistance you can kindly provide.

Sincerely,

A handwritten signature in blue ink that reads "Bill Richardson".

BILL RICHARDSON  
Member of Congress

BR/dcn

Enclosure

BILL RICHARDSON  
3d DISTRICT, NEW MEXICO

COMMITTEES:  
ENERGY AND COMMERCE  
INTERIOR AND INSULAR AFFAIRS  
SELECT COMMITTEE ON AGING



Congress of the United States  
House of Representatives  
Washington, DC 20515

WASHINGTON OFFICE:  
325 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-6190

DISTRICT OFFICES:

SANTA FE:  
108 CATHEDRAL PLACE  
SUITE 122  
SANTA FE, NM 87501-2027  
(505) 988-6177

GALLUP:  
FEDERAL BUILDING, ROOM 360  
GALLUP, NM 87301  
(505) 722-6522

LAS VEGAS:  
SAN MIGUEL COUNTY COURTHOUSE  
P.O. BOX 1805  
LAS VEGAS, NM 87701  
(505) 425-7270

BELEN:  
HARVEY HOUSE  
104 FIRST ST. SE.  
BELEN, NM 87002  
(505) 864-1419

September 9, 1986

A. W. Clausen  
President  
International Bank for  
Reconstruction and Development  
1818 H Street, N. W.  
Washington, D. C. 20433

Dear Mr. Clausen:

Because of my desire to be responsive to all inquiries directed to this office, and knowing that your objectives are similar, I am referring the enclosed letter to you for consideration. I would very much appreciate your careful evaluation of the matter raised in this letter.

At your earliest convenience, I would be grateful to know your findings and views. Please route a response to me through my Gallup office at the address noted above.

Thank you very much for all the assistance you can kindly provide.

Sincerely,

BILL RICHARDSON  
Member of Congress

BR/dc

Enclosure



29  
7  
August 28, 1986

Rene' Marietta Zaffke  
3911 Knollcrest Dr.  
Farmington, N.M. 87401

Rep. Bill Richardson  
Federal Building  
Room 360  
Gallup, N.M. 87301

Dear Mr. Richardson:

I am a long-time resident of Farmington with an unusual request.

My name is Rene' Zaffke, and I am a graduate student in the master's of international journalism program at Baylor University, Waco, Texas. This program, which is highly specialized, calls for six months of international experience in place of a thesis.

I completed my classwork in May, concentrating my studies in Latin America and world religions. I will graduate with a 3.87 gpa after I have studied or worked six months outside of the country or with an international group at home.

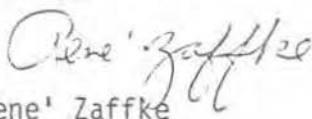
Before I returned to school, I worked for the Aztec (N.M.) Independent-Review and was awarded a state Associated Press award for feature photography. I have also served as internship with the Farmington Daily Times and was news editor and assistant editor of The Lariat, Baylor's student newspaper.

I also speak some Spanish after studying the language as a junior in college and again for six weeks in Cuernavaca, Morelos, Mexico, before I returned to graduate school.

What I request is any help you may be able to provide in locating situations that will allow me to complete my degree. I realize that your office can not place me in a job, but any assistance would be greatly appreciated.

Please contact me or any of my references on the enclosed resume for further information.

Thank you for your consideration,

  
Rene' Zaffke

SEP 2 1986

PERSONAL DATA SHEET

RENE' M. ZAFFKE  
3911 Knollcrest Dr.  
Farmington, N.M. 87401  
(505)325-5438

Birthdate: August 22, 1960  
Marital state: single  
Health: excellent

EDUCATION

SAN JUAN COLLEGE, Farmington, N.M.

Graduated May 1980, Associate of Arts degree, meritorious.

ACTIVITIES: Baptist Student Union, president, secretary; Students for Political Awareness, secretary; Sage, advertising manager, editor; Student Council, representative; intramurals.

AWARDS: Who's Who Among American Junior Colleges; National Dean's List; San Juan College Dean's List.

BAYLOR UNIVERSITY, Waco, Texas

Graduated August 1981, Bachelor of Arts degree.

MAJOR: journalism. CONCENTRATION: world religions.

ACTIVITIES: The Lariat, news editor, associate editor; Baptist Student Union, member.

AWARDS: E.S. James-Baptist Standard Scholarship; The Lariat Writer's Award, twice; Graduate Assistantship.

I am now working toward a Master's of International Journalism degree.

THE BILINGUAL CENTER, Cuernavaca, Morelos, Mexico

I lived with a Mexican family and studied Spanish in Cuernavaca for six weeks in the fall of 1984.

WORK EXPERIENCE

FARMINGTON DAILY TIMES, 201 N. Allen, Farmington, N.M.

May to August 1981, student reporter intern, general assignment.

AZTEC INDEPENDENT REVIEW, 306 N. Main, Aztec, N.M.

March 1983 to October 1984, news editor and general assignment reporter.

AWARD: second place, photo features for weeklies, 1984 N.M. Press Association.

ALSO, articles sold to MissionsUSA, a magazine of the Home Mission Board of the Southern Baptist Convention, and The Baylor Line, an alumni magazine.

REFERENCES

Dr. Loyal Gould, chairman, Journalism Department, Baylor University,  
Waco, Texas 76706

James Tidenberg, pastor, First Baptist Church, 511 W. Arrington,  
Farmington, N.M. 87401

Rich Van Cleef, former editor of Aztec Independent Review, 312 S. Lead,  
Deming, N.M. 88030

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 18, 1986

Dear Dave:

Thank you for your letter of December 10, 1986 expressing strong concern about the environmental and social problems associated with the Brazilian Power Sector. The issues you raise are of fundamental importance not only to us but to the Brazilian Government. The Bank's involvement in the financing of Brazil's Power Sector has increased significantly the Government's attention to the environmental and socio-economic aspects of the Power Sector and has strengthened the capacity of the Sector to deal properly with these issues. We are currently reviewing with the Brazilian Government and the Brazilian Power Sector a number of important environmental and social plans relating to policy and operations in the Sector.

You might be interested in the attached letter sent last June by my predecessor, Mr. A. W. Clausen, to Mr. Bruce M. Rich, in which more detailed reference is made to the ways the Bank has dealt with environmental matters in Brazil.

I appreciate your concern and hope you will let me know if I can provide additional information on this or any other Bank initiative.

Sincerely,

*Barber*

The Honorable David R. Obey  
Chairman  
Subcommittee on Foreign Operations  
Appropriations Committee  
U.S. House of Representatives  
Washington, D.C. 20515

*Log 12-18/86*

*L. H. H. H.*

January 5, 1987

Dear Dave:

In my response of December 18, 1986, to your earlier letter which expressed your concern with environmental and social issues in the Brazilian power sector, I referred to a joint review by the Brazilian Government and the Bank of a number of important environmental and social plans relating to policy and operations in the sector. The purpose of that review was to ascertain whether these plans, which the Government had presented to the Bank in line with the second tranche conditions of the Bank's power sector loan to Brazil, adequately addressed the environmental and social concerns of the Government and the Bank. It was also our purpose to reach a judgment as to whether these plans, along with all the financial adjustments already made in the sector, constituted a satisfactory basis for release of the second tranche of the Bank loan. We have completed our review and I would now like to share with you some of our conclusions.

Overall we believe that the plans represent a serious effort of the Brazilian Government and the Brazilian power sector to deal effectively with environmental and social issues raised by investments in the sector. They contain safeguards to ensure that the Government's existing policy guidelines for the protection of the environment and the orderly resettlement of affected communities, including Amerindian groups, are taken into account in the design and execution of power sector investments. The plans provide for specific measures to strengthen the environmental protection practices in the Brazilian power agency (ELETROBRAS) as well as in individual power companies. The staffing, training and research for the environmental units in ELETROBRAS and the power companies will be expanded, and a high-level committee of Brazilian experts to oversee all environmental and social protection activities in the power sector will be established. In addition, the Government's Amerindian (FUNAI) and environmental (SEMA) agencies will be strengthened.

The plans give special attention to resettlement and compensation issues related to power projects which are nearly completed or at an advanced stage of construction. Details on some of these projects are contained in the June 1986 letter from my predecessor, Mr. Clausen, to Mr. Rich copied to you with my earlier letter. While the Bank has not been previously associated with these projects, we have agreed with the Brazilian Government that, in the context of the power sector loan, actions will be taken to mitigate the impact of these projects on the affected communities, and where it is still possible, to ensure the orderly resettlement of the displaced population.



January 5, 1987

One such project where an organized resettlement effort is being done is the Itaparica Dam. Preparation of a resettlement plan for the population to be displaced by the dam was agreed with the Government as one of the first tranche conditions of the Bank power sector loan. Satisfactory progress in carrying out this plan was also agreed as one of the second tranche conditions. Both conditions have been fulfilled. The legal process for the expropriation of land required to resettle the affected population has now been completed. Equally important, after difficult negotiations, the electric power company which is constructing the dam, and the people to be resettled, have reached agreement on all aspects of the resettlement plan. We are now helping the Government prepare a project to provide assistance for the affected population, and we expect to present a Bank loan for this purpose to our Board of Executive Directors by midyear.

In sum, a determined effort is being made by the Government and the power sector to address environmental and social issues arising out of existing power investments. We are hopeful that the strengthening of the institutional capacity and processes for reviewing such issues in the power sector would result in a careful screening of the environmental and social aspects of future investments before they are made. In this regard, you may be interested to know that, since there are no longer any outstanding conditions for release of the second tranche of the power sector loan, we have informed the Government and our Board that this tranche (US\$250 million) is now available for disbursement.

I hope that the above information is useful in allaying your concern about environmental and social issues in the Brazilian power sector. I would also like to assure you that under the second power sector loan, which we expect to appraise in the Spring, we will continue to work with the Government on additional environmental and sociological improvements in the power sector. Please let me know if you need further information on these and related matters.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable  
President

The Honorable David R. Obey  
Chairman, Subcommittee on Foreign Operations  
Appropriations Committee  
U.S. House of Representatives  
Washington, D.C. 20515

Enclosures

January 5, 1987

cc: Messrs. Stern

Knox

Gué (o/r), Gonzalez Cofino (o/r), Papadopoulos, LC2

Picciotto, Halperin, LCPEN, Ms. Koch-Weser, LCPAB

Goodland, PPDES

Sam, EXC (86/2/2006<sup>EXC</sup>)

RRuivivar:nev/el

① Lm  
(o/r)

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

RECEIVED DATE : 87/01/20  
LOG NUMBER : EXC870120018

DUE DATE : 87/01/21

SUBJECT : (DCoats) Inv. Mr. & Mrs. to attend National Prayer Breakfast  
on FEB. 5 at the Wash. Hilton Hotel.

OFFICE ASSIGNED TO FOR ACTION : Mr. Barber Conable E1227

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
✓ \_\_\_\_\_ PLEASE DISCUSS WITH BBC  
\_\_\_\_ PLEASE PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

*Chitra - pls. to  
regret card  
mailed 1/21*

*logged mtg  
1/23/87  
J*

COMMENTS :

*Formal invitation also attached.*

Congress of the United States  
House of Representatives ✓  
Washington, DC 20515

January 15, 1987

Mr. and Mrs. Barber Conable  
World Bank  
1818 H Street Northwest E-1227  
Washington, District of Columbia 20433

Dear Mr. and Mrs. Conable,

As national and international tensions continue to increase, there is widespread desire for peace and unity. The goal of reconciliation between nations and individuals seems more and more difficult to reach, and one effort being made toward that goal is the National Prayer Breakfast.

On this occasion many from our nation and around the world join for prayer and fellowship. Those invited include the President of the United States, leaders from all branches of our government and many other national and international leaders.

On behalf of the Congressional Committee, it is my pleasure to invite you to the 35th National Prayer Breakfast, February 5, 1987 at 7:45 a.m. in the Washington Hilton Hotel, Washington, D. C. A formal invitation will follow this letter.

We genuinely hope that you will be able to join us. It is always an outstanding experience.

Sincerely



Dan Coats

COMMITTEE:

REPRESENTATIVES: DAN COATS, CHAIRMAN;  
DON BONKER, DAN DANIEL, TONY HALL, ROBERT MCEWEN, G. V. MONTGOMERY, BILL NELSON, RALPH REGULA,  
BOB STUMP, WES WATKINS, JIM WRIGHT, GUY VANDER JAGT

SENATORS: WILLIAM L. ARMSTRONG, JEFF BINGAMAN, DAVID BOREN, LAWTON CHILES, PETE DOMENICI, ALBERT GORE,  
MARK HATFIELD, HOWELL HEFLIN, RICHARD LUGAR, SAM NUNN, PAUL SIMON, ALAN SIMPSON, JOHN STENNIS,  
PAUL TRIBLE



RECEIVED

1987 JAN 20 PM 3:45

OFFICE OF THE PRESIDENT

*[Handwritten signature]*

*[Faint, illegible text at the bottom of the page, possibly a list or document reference]*

DAN COATS  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515



Mr. and Mrs. Barber Conable

World Bank

1818 H. Street Northwest E-1227

Washington, District of Columbia 20433



January 6, 1987

The Honorable Lloyd Bentsen  
United States Senate  
961 Federal Building  
Austin, Texas 78701

Dear Lloyd:

Thank you for your letter of December 18, 1986 regarding the inquiry of Murray-Carver Inc., Dallas, Texas, about a bid for sunflower and soya bean processing equipment submitted to Komplex, a Hungarian Trading Company, under a World Bank financed project. The bid was submitted by Carter Day International, an American Company, which offered equipment made by Murray Carver Inc.

First, I would like to respond to your request for details of procurement procedures used in purchasing goods and civil works for projects financed under World Bank loans. These procedures are defined in the World Bank publication Guidelines for Procurement under IBRD Loans and IDA Credits. Although the responsibility for the execution of the project, and therefore for the award and administration of contracts under the project, rests with the Borrower or its implementing agency, the World Bank is involved in reviewing the bidding documents and procurement processes in each and every step to make sure that the procurement is carried out with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations. The bidding document is reviewed and approved by the Bank before issuance by the Borrower or its Implementing Agency. The evaluation is carried out by the Borrower/Implementing Agency and the evaluation report is submitted to the Bank for its review and approval before the award is made by the Borrower. Also the contract to be signed between the Borrower/Implementing Agency and the successful bidder is reviewed and approved by the Bank. This above procedure is strictly followed as a normal practice for projects with financial assistance from the World Bank.

With regard to the Carter Day International bid, a bid evaluation report was received on November 26, 1986 from Komplex, who is responsible for purchasing the equipment for the project.

Our detailed review of the report indicated that additional information and clarifications are necessary before we can comment on Komplex' recommendations for contract award. We have received a portion of the information requested and expect to receive the additional information shortly. On the basis of the bid evaluation report and the additional information requested, the World Bank will ensure that the contract is awarded to the firm who submitted the lowest responsive bid if World Bank is to finance the contract.

We appreciate Murray-Carver Inc. interest in participating in World Bank projects and hope that they will continue to do so.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable  
President

cc. & Cleared in substance with Messrs. Rajagopalan, Strombom  
ESchertz/KPranich:cg

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1/30/87  
CD



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 30, 1987

Dear Mike:

Thank you for your very nice letter inviting me to be the guest speaker at your fundraiser to be held in Xenia, Ohio in May.

As much as I would like to be of assistance, I am prohibited from participating in the political activities of any of the Bank's 151 member countries. As the head of an international organization, my doing so would create some concern both here and abroad.

I'm sorry not to be able to be helpful, Mike. Thank you for thinking of me, however, and best wishes for a successful fundraiser.

Sincerely,

*Barber Conable*

The Honorable Michael DeWine  
U.S. House of Representatives  
Washington, D.C. 20515

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

RECEIVED DATE : 87/03/19

DUE DATE : 87/03/30

LOG NUMBER : EXC870319006

SUBJECT : (MDeWine) Inv. BBC to be guest speaker for his committee  
fundraiser to be held in Xenia, Ohio.

OFFICE ASSIGNED TO FOR ACTION : Mr. Barber Conable E1227

ACTION:

\_\_\_\_\_  
APPROVED

\_\_\_\_\_  
PLEASE HANDLE

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FOR YOUR INFORMATION

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FOR YOUR REVIEW AND RECOMMENDATION

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FOR THE FILES

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PLEASE DISCUSS WITH \_\_\_\_\_

✓ \_\_\_\_\_  
PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE

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AS WE DISCUSSED

\_\_\_\_\_  
RETURN TO \_\_\_\_\_

COMMENTS :



HOUSE OF REPRESENTATIVES  
WASHINGTON, D. C. 20515

MICHAEL DEWINE  
SEVENTH DISTRICT, OHIO

March 16, 1987

The Honorable Barber B. Conable, Jr.  
International Bank for  
Reconstruction and Development  
1818 H St., NW  
Washington, D. C. 20433

Dear Mr. Conable:

In May, my Committee for re-election is planning an off year fundraiser to be held in Xenia, Ohio. My steering committee members believe it is critical for us to have an important figure at the event in order to raise enough money to reach our goal of \$10,000.

For this reason, I would be honored if you would be our guest speaker. We have left open the date to more easily comply with your schedule. Sunday afternoon or a weekday evening is our preference.

Xenia, Ohio is a forty minute drive from the Dayton airport. Piedmont serves the airport from Washington four times daily. Of course your transportation costs and any necessary lodging will be covered.

We expect 200 people at the reception which will be held at a private home.

During the past year, my committee has begun a membership drive for our \$500 per year club. This effort, together with events like the planned reception and small dollar events this summer, will enable me to get ready for next year's election.

I certainly hope your schedule will permit you to consider joining us in Ohio's 7th district. I look forward to hearing from you.

Very respectfully yours,

MIKE DEWINE

MICHAEL DEWINE  
HOUSE OF REPRESENTATIVES  
WASHINGTON, D. C. 20515



The Honorable Barber B. Conable, Jr.  
International Bank for  
Reconstruction and Development  
1818 H St., NW  
Washington, D. C. 20433



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

March 31, 1987

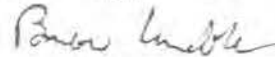
Dear Mike and Bob:

Thank you for inviting me to be the keynote speaker at the Clark County, Ohio Republican Party annual fundraiser.

As I explained to Mike recently in connection with another invitation to a political function, as head of an international organization, I am prohibited from participating in fundraising or any political activity in any of the Bank's 151 member countries. I had to curtail all political activity as a precondition of my election by the Board of Governors as President of the World Bank.

I'm sorry not to be able to be responsive to your request, but appreciate your thinking of me. Best wishes for a successful fundraiser.

Sincerely,



The Honorable Michael DeWine  
The Honorable Bob McEwen  
U.S. House of Representatives  
Washington, D.C. 20515

02m

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/03/20 DUE DATE : 00/00/0  
LOG NUMBER : 870325005 FROM : M. DeWine & B. McEwen  
SUBJECT : Inv. BBC to be keynote speaker of the Clark County,  
Republican Party fundraiser in April or May.  
OFFICE ASSIGNED TO FOR ACTION : Mr. Barber Conable E1227

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ ✓ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_ PLEASE PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS :

# Congress of the United States

## House of Representatives

Washington, D.C. 20515

March 20, 1987

The Honorable Barber B. Conable, Jr.  
International Bank for  
Reconstruction and Development  
1818 H St., NW  
Washington, D. C. 20433

Dear Mr. Conable:

We are writing on behalf of the Clark County, Ohio Republican Party to invite you to be the keynote speaker at their annual fundraiser in late April or in May.

Each year local GOP members host a well known public official at a lunch or dinner in Springfield, the 7th Congressional district's largest city. Traditionally, this has been a \$100 per plate event and attendance has been well over two hundred.

Clark County has a strong Republican orientation. In the last Presidential election, President Reagan polled over 62%. Springfield's mayor, Clark County's commission, the state senator and, of course, the U.S. Representative are Republicans.

This annual event provides the Clark County Party with its major operating expenses for the year. An active men's club, two women's clubs and a part-time headquarters enable the Party to provide support for many candidates.

This event will be held at the Springfield Holiday Inn at a time convenient with your schedule. Springfield is situated between two international airports--Dayton and Columbus--and has a municipal airport of its own. Your transportation costs will be paid by the Clark County Republican Party.

We hope that you will seriously consider this invitation to assist one of Ohio's major GOP efforts. Thank you for your time and consideration.

Very respectfully yours,



MIKE DeWINE  
7th Congressional District



BOB McEWEN  
6th Congressional District





THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

May 22, 1987

Dear John:

Thank you for the friendly comments accompanying my discussion of environment plans before the World Resources Institute which you placed in the Congressional Record. It is an area in which I have a strong personal interest and I hope the Bank can provide significant leadership in protecting the environment throughout the World.

With kind regards,

Honorable John E. Porter  
U.S. House of Representatives  
1131 Longworth Building  
Washington, D.C. 20515

*Harry Nicholas prepared*

# Congressional Record

## A NEW WORLD BANK POLICY ON THE ENVIRONMENT

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 18, 1987

Mr. PORTER. Mr. Speaker, signs indicate that the new administration of our former colleague, Barber Conable, at the World Bank is going to be one of the most dynamic in the Bank's history.

Earlier this year, Conable played the major role in leading the "Safe Motherhood" Conference that has focused greater attention on the need for immunization and family planning to make major improvements in child and maternal health.

Now, Conable, has also brought the vast resources of the Bank to bear on the task of providing for sustainable development without destroying the environment. As one member who has expressed some concern over the fate of the world's diminishing tropical rain forest, I appreciate his effort.

Earlier this month, Conable delivered a major address on the subject of development and the environment before the World Resources Institute. It is an excellent rendition of the problems facing the world's environment and what the Bank can do about it.

### PREPARED STATEMENT OF BARBER B. CONABLE

It is an honor to address members and supporters of the World Resources Institute.

The Institute is a global resource itself. Policymakers owe you a lasting debt of thanks for the research you pursue and the admirable balance with which you present it.

What I owe you on this occasion is a report on the World Bank's actions, plans and progress in matching our fight against global poverty with our commitment to environmental protection.

The two goals are not just consistent. They are interdependent. Sustained development depends on managing resources, not exhausting them.

Economic growth based on any other premise is a costly illusion. What is wasted or poisoned today leaves that much less to nourish the world tomorrow.

"Environmental neglect," as I said to the Governors of the World Bank seven months ago, "destroys assets vital not just to the quality of life but to life itself." Environmental planning, I would add tonight, can make the most of nature's resources so that human resourcefulness can make the most of the future.

I share the optimism of the recently released report of the World Commission on Environment and Development. With its members I, too, "see . . . the possibility for a new era of economic growth . . . based on policies that sustain and expand the environmental resource base."

My optimism, like others, is tempered by caution.

In environmental affairs, as in many others, science has outdistanced government. Yet many of the problems the world has come to recognize as urgent are still beyond man's technical, as well as political, capacities.

We know that we must stop the advance of the deserts. We do not yet know how.

We know that population control is essential to environmental protection. But, for all the progress of past decades in family health and planning, population growth in many of the poorest lands continues to outrun resources.

We know that we must save the tropical rain forests. But neither developing nations nor international institutions have adequate alternatives for hungry people in search of food, and the land to grow it on. Researchers are only beginning to discover the potential of the forests to support both domesticated and wildlife together.

Most broadly, we know of the planet-wide threat to the basic resources of air and water on which the survival of earth depends. But common effort to save the global commons requires a degree of institutional coordination and a measure of sustained political resolve that man applies more readily to destroy than to preserve life.

In measuring the influence of the World Bank against the environmental challenge, I see how long a road there is to travel from awakened environmental consciousness to effective environmental action.

The Bank has long been at the forefront of that march. Ours was the first international lending institution to set explicit policies on limiting any harmful environmental consequences of development projects it supported. In the early 1970s, for example, a Bank-financed iron ore terminal was built on a Brazilian beach under strict safeguards against pollution and with real respect for the site's natural beauty.

Inevitably, the Bank has also stumbled. For instance, a more recent Brazilian project, known as Polonoroeste, was a sobering example of an environmentally sound effort which went wrong.

The Bank misread the human, institutional and physical realities of the jungle and the frontier. In some cases, the dynamics of the frontier got out of control.

Protective measures to shelter fragile land and tribal people were included; they were not, however, carefully timed or adequately monitored.

Polonoroeste teaches many lessons. One basic truth is that ambitious environmental design requires realistic analysis of the enforcement mechanisms in place and in prospect.

When mistakes associated with the Polonoroeste project became obvious in early 1985, the Bank interrupted payments as a way to encourage important corrective measures. What we had learned was not that we should avoid projects with environmental implications, but rather that where institutional safeguards are weak, the Bank must be a positive force to strengthen them.

Brazil has now made progress in building safeguards for environmental protection. And the Bank is anxious to support Brazil's government in pursuing a National Environmental Program that can become a model for other nations.

A second basic truth learned from Polonoroeste is that where development is taking place, it cannot be halted, only directed. The Bank cannot influence progress from the sidelines. It must be part of the action.

With the developing nations, we must go on learning by doing. If the World Bank has been part of the problem in the past, it can and will be a strong force in finding solutions for the future.

"Nothing so needs reforming," Mark Twain observed, "as other people's habits." The Bank will begin by reforming its own.

First, we are creating a top-level Environment Department to help set the direction of Bank policy, planning and research work. It will take the lead in developing strategies to integrate environmental considerations into our overall lending and policy activities.

At the same time, new offices in each of the four regional technical departments will

take on a dual role. They will function both as environmental watchdogs over Bank-sponsored projects, and as scouts and advocates for promising advances in resource management. In this process, they will consult routinely with environmental officials in developing countries, and will work to strengthen local institutions. The establishment of these offices will increase significantly the number of staff directly involved in environmental programs.

These organizational changes do not just add layers of interference to head off errors of commission. The added staff will help define policy and develop initiatives to promote growth and environmental protection together. They will work to ensure that environmental awareness is integral to all the Bank's activities.

Environmental action adds a new dimension to the fight against global poverty. It recognizes that sound ecology is good economics. Indeed the objectives of sustainable economic growth, poverty alleviation and environmental protection often are mutually reinforcing.



Population pressure that pushes farmers onto increasingly marginal land is a major cause of ecological problems in many countries, particularly the poorer ones. Curbing population growth is essential for sustainable economic growth; otherwise it will not be possible to introduce policies and programs that steer farmers to the best land, that induce the production of crops which strengthen the soil and stem erosion, that bring livestock to graze where pasture is rich, and that educate city and country dwellers alike to respect and safeguard the balance of nature.

The World Bank is a force for development and will remain so. We will continue to support major investments in energy and infrastructure, in industrialism and irrigation.

Our role in such projects, however, will include greater sensitivity to their long-term environmental effects. We will put new emphasis both on correcting economic policy incentives that promote environmental abuse and on stimulating the small-scale activities that can combat human and environmental deprivation.

Not only will we strengthen the Bank's long-standing policy of scrutinizing development projects for their environmental impact and withholding support for those where safeguards are inadequate, but we will also institutionalize an approach to natural resource management that puts a premium on conservation.

As part of these philosophical and institutional changes, I propose to allocate new resources to a number of new environmental initiatives.

In partnership with member countries and with the rest of the development community, we will begin with an urgent, country-by-country assessment of the most severely threatened environments in developing nations.

We will promote a continent-wide initiative against the advance of the desert and the destruction of forests in Africa.

We will contribute to a global program to support tropical forest conservation.

And we will participate in a cooperative effort by the nations of the Mediterranean and other international agencies to prepare a long-term campaign to protect that sea and its coasts.

As recent events have demonstrated, environmental protection is a subject which warrants increased efforts in industrialized as well as in developing countries. But progress is especially hard to achieve in the developing world.

So many other priorities demand simultaneous attention. So few skilled personnel are available. And so much must be done to build the institutional capacity to handle complex environmental issues.

Acknowledging those realities, the World Bank also acknowledges its special responsibilities in helping developing nations shape their growth. As an advisor, a source of intellectual as well as financial support, the Bank must be responsive and innovative. As a lender, it must exert new and persuasive influence to integrate better management of natural resources into developing planning and investment.

Fortunately, we are far from alone. The Bank can profit from and contribute to the valuable work of our member nations, the expert and dedicated efforts of non-governmental organizations and the wide, continuing experience of other international agencies such as the United Nations Environment Program.

We must start, however, with better knowledge of the problems and the opportunities we face.

To gain that understanding, the Bank will use its added staff resources in a collaborative effort to assess environmental threats in the 30 most vulnerable developing nations. That five-year process will involve both study and education, not just in the Bank but also with responsible developing country policymakers.

Our goal will be to develop a new appreciation of the forces at work against environmental balance. Our objective is a sort of natural resources balance sheet, a coherent planning instrument for better management.

I believe we can make ecology and economics mutually reinforcing disciplines. By looking closely at market forces and broadly at all key sectors of development activity, we can identify both the effective and perverse factors shaping and misshaping the environment.

I am not proposing make-work research. What I seek from data—much of which is already on hand—is a composite inventory of environmental assets and liabilities.

With such a planning instrument, we could move toward establishing the value of those priceless resources—topsoil and grass cover, water and drainage, human skills and traditional lifestyles—we too often consider insignificant.

Let us show in economic and environmental terms what subsidies to pesticide producers and timber cutters and livestock growers actually cost in ruining the land and driving families from it.

Let us weigh the real price of wilderness resettlement against the expense of health and family planning clinics, of agricultural extension services, new crops and new farming techniques.

Let us hold pricing policies and currency values up to the light of environmental analysis to see if and how they encourage over-exploitation of natural resources.

And let us acknowledge that, while we must exercise increasing care with large-scale development projects, small is not necessarily beautiful. It is time we recognize that individual practices driven by poverty and ignorance and unexamined economic policies have cumulative effects that are just as environmentally destructive as any badly planned wilderness road or hydroelectric project.

We must reshape not just the Bank's outlook and activities but also the customs and ingrained attitudes of hundreds of millions of individuals and of their leaders. In doing so we must remember another piece of Mark Twain's wisdom: "Habit is habit, and

not to be flung out of the window, but coaxed downstairs a step at a time."

Our environmental assessment surveys will move us one big step forward. They will assemble the knowledge we need to move further and faster toward environmental rationality in our leading programs.

In Africa, while country assessments proceed, the Bank will lay the ground for action that crosses national boundaries and tackles regional environmental dangers.

Africa's needs are critical. Over the last 15 years, despite the best efforts of African governments and the international community, per capita income and per capita food production in most of sub-Saharan Africa have declined. At the same time and in the same areas, deserts have spread, forests have dwindled, soil has washed away.

With population projected to rise from 300 million to 600 million in the last two decades of the century, the pressures of urbanization, fuelwood consumption and slash-and-burn farming are stripping West Africa alone of 3.6 million hectares of forest a year. Continued over three years, that tempo of deforestation would denude an area the size of Greece; over ten years, the Ivory Coast.

The rate of forest loss in five West African nations is seven times the world average, and desertification in just one country—Mali—has drawn the Sahara 350 kilometers farther south in the last 20 years. The Congo River carries an average of 65 million metric tons of soil into the ocean each year.

Against these natural and man-made forces, I believe we must mount an international environmental rescue and development effort in sub-Saharan Africa. I will ask World Bank staff experts to draw up a special program of technical studies to identify and assess urgent, promising environmental protection projects, regional, not just national, in their scope.

Environmental threats do not respect political lines of demarcation. Environmental solutions must generate political and technical responses as broad as the challenge.

Our work should point the way for action by donor and recipient nations and non-governmental organizations. The latter have a particularly important role to play, in that problems of deforestation and natural resource degradation are development problems and can best be solved with the active participation of people at the grassroots level. Our common priority should be co-ordinated intervention against the spread of deserts and for the conservation of forest resources.

We must be bold in both the scope of our enterprise and in testing untried ideas. Unless we reach beyond today's limits and doubts, we cannot truly measure our capacity for progress.

Tropical forests in Africa, Asia and Latin America also demand priority attention. Tropical deforestation is not only a major environmental problem, it is a critical development problem as well. Deforesting is leading to widespread degradation of the natural resources base, undermining the capacity of the environment of support developing country economies and populations.

The World Bank is the world's largest single source of financing for tropical forest conservation and development. Over the past decade World Bank investments and technical assistance grants in forestry have exceeded one billion dollars. We are ready to do more.

The Bank intends to more than double its annual level of funding for environmentally sound forestry project from \$138 million this year to \$350 million in fiscal 1989. At

the July meeting in Bellagio, Italy sponsored jointly by your Institute, the Rockefeller Foundation, FAD UNDP and the Bank, we will propose specific strategies for expanding priority work in forest management and reforestation.

Our Tropical Forestry Action Plan is a direct outgrowth of the World Resources Institute's excellent 1985 report, "Tropical Forests: A Call for Action". That study called for a doubling of forestry investments over the next five years. It redefined the challenge of conservation by making it clear—in cost-benefit terms—how deforestation impoverishes both man and nature. It also recognized that simply providing more funding for forestry is not enough; increased investment in forestry must be accompanied by policy measures designed to ensure sustainability.

We are improving our understanding of the connection between the loss of tree cover in upland watersheds and flood damage downstream, between fuelwood scarcity and fertilizer shortages and between the annual destruction of 11 million hectares of tropical rain forest and the loss of plant and animal species of great, potential genetic benefit to mankind.

We are becoming increasingly able to define investment programs to correct past mistakes and prevent new ones.



We can mobilize resources for agroforestry and sustainable farming systems based on it.

We can help nations determine the wooded areas to protect and those to use more intensively.

We can help train foresters and farmers in new techniques of tree breeding, in the cultivation of medicinal plants and the conservation of wildlands.

We are, in short, better aware of the gravity of the global danger, better equipped to address it. Now we must be prepared to mobilize resources to combat deforestation on a global scale.

Lastly, in the Mediterranean region, the Bank stands ready to assist in an intensified international effort to protect the heritage of beauty and natural resources that 18 nations and some 400 million people hold in common.

The governments of the Mediterranean states have long recognized the danger of pollution to public health and to fishing and tourism industries. The World Bank, the European Investment Bank and Regional Development Fund, the United Nations Environment Program, with many other agencies, have been active in providing financial and technical help to alleviate this problem.

Now we are exploring together the possibility of designing a broad, international project to improve the Mediterranean environment and strengthen it with a long-term preservation plan. It is an ambitious political as well as technical undertaking, involving many separate governments and technical support agencies.

The World Bank is well placed to help coordinate this effort. If, with our assistance, the peoples of the Mediterranean can make progress in managing the great resource they share, they will set an example for the whole world of cooperation in protecting the global commons.

I have given you only an introduction to the World Bank's environmental action agenda. Events, not speeches, will test its sweep and its impact. But I cannot end these remarks without a note of combined caution and exhortation.

While there is much we can do, no one knows better than I do the actual limits of the Bank's influence on the policies and practices of the developed and developing nations. No one knows better than you do

the power of informed and aroused public opinion to command and redirect the attention of decision makers.

The World Bank needs the help of environmental activists in every nation, in those where organized groups have already proven their effectiveness and in those where consciousness is only now dawning.

We need your advice, your expertise, your influence and your imagination to make the urgent work of environmental protection a coordinated campaign for a safer, richer, healthier world.

As ours is a common cause—the battle against global poverty is also the fight for a sustainable environment—let us be allies for progress on every front. There is a long campaign ahead. We cannot accept anything less than victory. Thank you.



July 8, 1987

Dear Al,

I am writing to thank you for sending me a copy of Mr. Kerno's presentation at the African Development Bank meeting in Cairo on the comparison of financial performance between the various Development Banks.

While I would not question the validity of the calculations underlying each of the comparative charts that are presented, I would caution against reading too much significance into some of the apparent differences that these charts highlight. For instance, comparative charts 1-3 show compound growth rates over the 1982-86 period for various aggregates. As a relatively new institution some of the growth rates of the African Development Bank's financial aggregates will almost invariably be higher - given that the growth is off a low base - than the growth rates of the more established institutions.

The capital market rating agencies regularly compare the financial performance of the multilateral lending institutions and so, given your interest in this area, I have taken the liberty of enclosing an extract from a recent Standard and Poor's report.

With kindest regards,

Sincerely,

(Signed) Barber B. Conable

Barber Conable

The Honorable Al McCandless  
House of Representatives  
Congress of the United States  
435 Cannon House Office Building  
Washington, D.C. 20515

cc: Messrs. Stern, Wood and Kavalsky  
Messrs. Donovan and Smith

AFleming:mb

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7/8/87  
C.P.*

AL McCANDLESS  
37TH DISTRICT, CALIFORNIA

COMMITTEES:  
BANKING, FINANCE  
AND  
URBAN AFFAIRS

GOVERNMENT OPERATIONS

Congress of the United States  
House of Representatives  
Washington, DC 20515

435 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-5330

DISTRICT OFFICES:  
6529 RIVERSIDE AVENUE  
SUITE 165  
RIVERSIDE, CA 92506  
(714) 682-7127  
74-075 EL PASO  
POST OFFICE BOX 1495  
PALM DESERT, CA 92261  
(619) 340-2900

June 18, 1987

The Honorable Barber B. Conable  
President, The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

I recently returned from the African Development Bank meetings in Cairo. During the course of those meetings, the Vice President - Finance, Milan C. Kerno, made the enclosed presentation.

I found the comparison of the Development Banks to be of considerable interest and wanted to share it with you.

After you have had the opportunity to review the enclosed, I would be interested in any comments you might wish to share.

With best regards,

Sincerely,



AL McCANDLESS  
Member of Congress

AAM/wb  
enclosure



# Record Removal Notice

<b>File Title</b> Liaison Files: U.S. Government - U.S. House of Representatives - Correspondence 01		<b>Barcode No.</b>  1780990		
<b>Document Date</b> 03 August, 1987	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Honorable Thomas S. Foley, Majority Leader, House of Representatives From: Ernest Stern, Senior Vice President, Finance				
<b>Subject / Title</b> H. K. Allen employment in the World Bank				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Vlada Alenkina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011			



# Record Removal Notice

<b>File Title</b> Liaison Files: U.S. Government - U.S. House of Representatives - Correspondence 01		<b>Barcode No.</b>  1780990		
<b>Document Date</b> 27 July, 1987	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Honorable Thomas S. Foley, Majority Leader, House of Representatives From: Barber B. Conable, President				
<b>Subject / Title</b> H. K. Allen employment in the World Bank				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Vlada Alenkina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011			





# Record Removal Notice

<b>File Title</b> Liaison Files: U.S. Government - U.S. House of Representatives - Correspondence 01		<b>Barcode No.</b>  1780990		
<b>Document Date</b> 07 July, 1987	<b>Document Type</b> Letter with attachment			
<b>Correspondents / Participants</b> To: Barber B. Conable, President From: Honorable Thomas S. Foley, Majority Leader, House of Representatives				
<b>Subject / Title</b> H. K. Allen interest in employment in the World Bank Biographical summary				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Vlada Alenkina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011			

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

August 6, 1987

Dear Ben:

Your letter about Zachary Baumel, a dual American-Israeli national missing in action since June 11, 1982, was waiting for me upon my return from a two-week visit to four member countries of the World Bank in West Africa. I remember well the anguish and personal struggle of constituent families with sons missing in action in Southeast Asia, and I understand your desire to pursue all avenues of approach to the Syrian Government to resolve the status of these missing young men.

As head of an international development organization with 151 member countries, I am prohibited from becoming involved in the political activities of any of our member countries. My natural inclination is to want to be helpful, Ben, but it's just not possible because of the contractual restrictions of my employment here.

My heart goes out to the families involved. They're fortunate to have a friend like you guiding the efforts to find their sons.

Warm personal regards.

Sincerely,

*B. Conable*

The Honorable Benjamin A. Gilman  
U.S. House of Representatives  
Washington, D.C. 20515

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

~~17M14~~  
~~JWS~~

CORRESPONDANCE DATE : 87/07/15

DUE DATE : 00/00/00

LOG NUMBER : 870721007

FROM : Mr. B. Gilman

SUBJECT : Zachary Baumel

OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227)

ACTION:

APPROVED

PLEASE HANDLE

FOR YOUR INFORMATION

FOR YOUR REVIEW AND RECOMMENDATION

FOR THE FILES

PLEASE DISCUSS WITH

PLEASE PREPARE RESPONSE FOR

SIGNATURE

AS WE DISCUSSED

RETURN TO

COMMENTS : Mr. Gilman is requesting help from bbc in obtaining info  
on Zachary Baumel a dual American-Israeli national missing in  
action.



COMMITTEES:  
FOREIGN AFFAIRS

SUBCOMMITTEES:  
EUROPE AND MIDDLE EAST  
(RANKING MINORITY MEMBER)  
INTERNATIONAL OPERATIONS

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

July 15, 1987

SUBCOMMITTEES:  
INVESTIGATIONS  
HUMAN RESOURCES  
SELECT COMMITTEE ON  
NARCOTICS ABUSE AND  
CONTROL  
RANKING MINORITY MEMBER

SELECT COMMITTEE ON  
HUNGER

VICE CHAIRMAN,  
TASK FORCE ON  
AMERICAN PRISONERS AND  
MISSING IN SOUTHEAST ASIA

Honorable Barber Conable, Jr.  
President and Chairman of Executive Directors  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Barber:

For the past several years I have been involved in a special case that I wanted to bring to your attention at this time. It is my hope that with your assistance, influence can be brought to bear in a number of different circles regarding the current missing-in-action status of Zachary Baumel, a dual American-Israeli national missing since June 11, 1982.

Zachary Baumel was born and raised in the United States until his parents, Yona and Miriam Baumel (formerly of Brooklyn, New York) moved to Israel when he was a young boy. As an Israeli citizen, Zachary was drafted into the Israel Defense Forces, and was assigned to a tank unit.

On June 11, 1982, a fierce battle took place at Sultan Yakub, in the Bekaa Valley in Lebanon. Zack's tank was hit by Syrian troops, and he and other tank crew were taken prisoner. That same day, reports circulated that crew members were paraded through the streets of Damascus aboard a captured tank.

Since that time, he and two other companions have been missing-in-action. It is not known who is holding them, and unfortunately, numerous appeals to the Syrian government have not yet borne fruit. Efforts made by the International Red Cross as well as our own State Department are not responded to.

In the course of your work at the World Bank, I imagine you have some contact with various Syrian officials. Given Syria's present economic situation, she is in need of outside assistance. Yet, it would be of great assistance if Syrian officials could be persuaded to cooperate in this important humanitarian endeavor. I have personally appealed to several colleagues in the European Parliament, as well as the Algerian Ambassador to the United States and Syrian President Assad himself. The Israeli government persists in its efforts to obtain any information whatsoever about the health and whereabouts of Zack and the others, but has been unsuccessful to date. However, they have available much information about the battle, the captured tanks, etc., which could be utilized if President Assad were to agree to conduct a thorough and comprehensive search of the battle site and tanks, and interview eye-witnesses to the battle.

I am enclosing for your information, a copy of a brochure compiled by the families of the missing soldiers. I would appreciate your comments and suggestions about this matter, and where you feel congressional efforts, as well as other outside initiatives, might elicit the proper response. Your thoughtful counsel has always been appreciated.

PLEASE REPLY TO:

WASHINGTON OFFICE:  
2160 RAYBURN BUILDING  
WASHINGTON, DC 20515  
☐ TELEPHONE: (202) 225-3778

DISTRICT OFFICE:  
44 EAST AVENUE  
P.O. Box 358  
MIDDLETOWN, NY 10940  
☐ TELEPHONE: (914) 343-8686

DISTRICT OFFICE:  
223 ROUTE 59  
MONSEY, NY 10952  
☐ TELEPHONE: (914) 357-9000

DISTRICT OFFICE:  
32 MAIN STREET  
HASTINGS-ON-HUDSON,  
NY 10706  
☐ TELEPHONE: (914) 478-5550



Honorable Barber Conable, Jr.

July 15, 1987

Page Two

As always, should you desire additional information on this matter, I hope you will not hesitate in letting me know. Already, over five years have passed since Zack's disappearance, and the anguish felt by the family has only increased as time goes by.

With best wishes,

Sincerely,

A handwritten signature in dark ink, appearing to be "Ben Gilman", written over the word "Sincerely,".

BENJAMIN A. GILMAN  
Member of Congress

BAG/db  
Enclosure

# Free Our Sons

---

## WHERE ARE THEY?

**O**n June 11, 1982 a battle raged between an Israeli tank unit and a Syrian armoured unit in the Bekaa Valley in North Eastern Lebanon. As a result of this battle 3 Israeli soldiers, First Sergeant Zvi Feldman, Sergeant Zecharia Baumel, and Corporal Yehuda Katz were reported missing and are still missing to this day.

In April 1983, in the Sidon area, an Israeli soldier, Sergeant Samir Assad was captured by forces of The Democratic Front, led by Naif Hawatme. The Front publicly announced his capture.

Ever since these events took place, the Government of Israel has spared no effort, and through international committee of the Red Cross and other international bodies has done and is doing everything possible to obtain any information on the fate of the missing four. Three of the missing men vanished after the battle in an area which was and still is under Syrian control. The fourth was held in a Syrian controlled area by his captors, from Hawatme's Front whose headquarters are in Damascus. The main address for queries about the fate of the missing is therefore the Syrian Government.

Israel has approached the Syrian authorities time and again and demanded information about the fate of the missing. International bodies and world leaders have also called on Syrian President Assad on this matter and he has promised to reply. No reply has, however been forthcoming, and Syria consistently refuses to reveal what has happened to the missing four.

We, the parents and members of the families of those missing Israeli soldiers, continue to call upon all those with a conscience everywhere with the simple request, to which President Assad has sealed his heart and ears: Return Our Sons!

## THE MISSING SOLDIERS FROM THE BATTLE OF SULTAN YAKOUB

**D**uring the battle against the Syrians, two tanks were hit, one under the command of the late Captain Zohar Lipschitz and the second commanded by First Sergeant Hezi Shai.

### **The Tank under the Command of Hezi Shai**

The tank had a four man crew. The commander, First Sergeant Hezi Shai, was caught by members of the Popular Front, General Command led by Ahmad Jibril and kept concealed for two years in Damascus, without indicating that he is in their hands. Only after Israel received information of his captivity from various sources and strong international pressure was exerted, did it force Jibril to admit that he was holding the Israeli soldier. First Sergeant Hezi Shai was returned to Israel on May 20, under the prisoner exchange involved with the PFLP/GC.

A second member of the tank crew, First Sergeant Ariel Lieberman, was taken prisoner in Syria, a day after the battle and kept in Syria until

his return under the prisoner exchange with Syria on June 28, 1984. Zvi Feldman and Zacharia Baumel, the two remaining members of the crew, were reported alive according to witnesses' statements which Israel possesses. The statements point to the fact that the two missing soldiers escaped from the tank alive and remained at the scene after the battle.

### **The Tank under the Command of the Late Zohar Lipschitz**

The late Zohar Lipschitz was killed in battle and buried on July 4, 1982 in the Jewish cemetery in Damascus.

Only after a year of international pressure and personal contacts with President Assad, did the Syrian authorities allow the International Committee of the Red Cross access to the body for identification. The final identification was confirmed only after the return of the body on June 24, 1984.

Two other crew members of the tank managed to escape, and are both now in Israel. The fourth crew member, is Corporal Yehuda Katz, remained in the battle field.

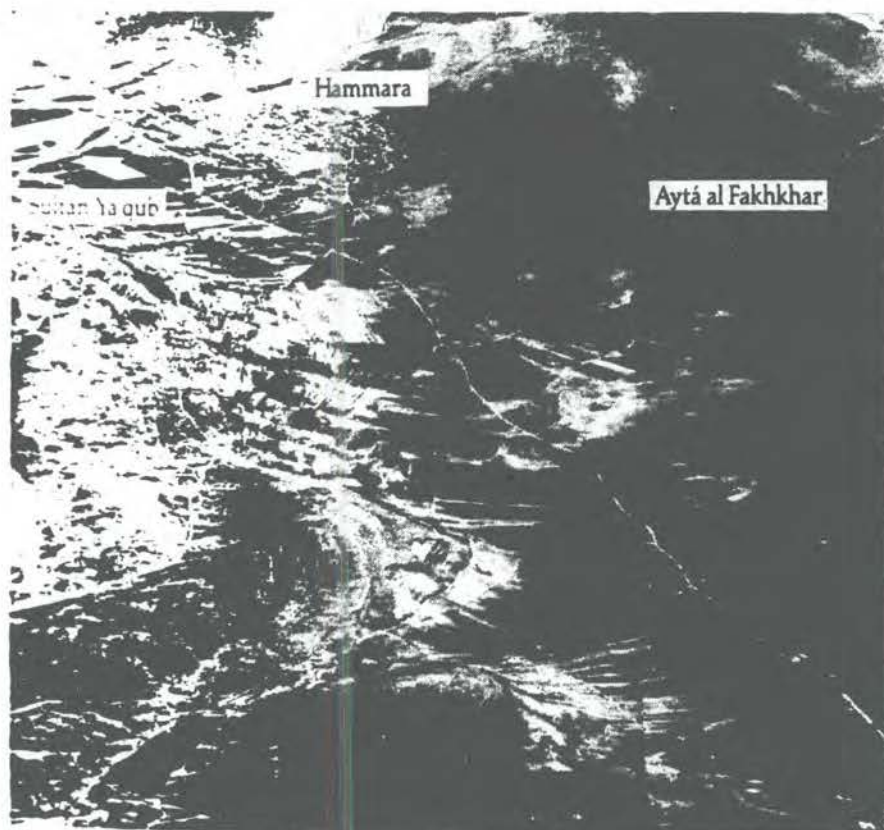




The tank was left on the main road, south of Sultan Yakoub, and was taken away by Syrian forces on June 14, 1982, after the cease-fire was declared.

It is known to Israel, from Israeli soldiers who witnessed the battle, that as soon as the firing ceased, Syrian soldiers began towing away Israeli tanks which remained in the field. Uniformed Syrian soldiers and other armed men in Palestinian uniforms were clearly seen milling around damaged tanks and climbing into them.

From all of this information, as well as the fact that the battle was fought against Syrian forces in an area controlled by the Syrians forces, it follows that the Syrian Government bears direct responsibility for official clarification of the fate of the missing soldiers.



## INFORMATION ABOUT THE MISSING SOLDIERS

### AP adds from Damascus:

Syrian soldiers paraded a captured Israeli tank and its crew through the streets yesterday. Followed by a horn-honking line of cars, the tank rumbled down Beirut Avenue in the Syrian capital and stopped in front of the offices of President Hafez Assad's brother Rifaat Assad, who commands the defense brigade commandos.

The Syrian soldiers shouted slogans and witnesses said they identified their prisoners as the Israeli tank crew. The tank, belching black smoke and flying Syrian and Palestinian flags, was greeted by cheers from passers-by. One security man fired a pistol in the air.

Even so, ambulances continued to race along the same road shuttling back and forth.

### La Stampa 12.6.82

Prigionieri di Israele a Damasco.

Damasco - soldati Siriani hanno esibito ieri per vie di Damasco un carro armato israeliano catturato ed il suo equipaggio, dopo l'entrata in vigore della tregua in Libano.

Seguito da un corteo di auto a clacson spiegati. Il viale armato ha percorso il viale Beirut inalberando le bandiere Siriana e Palesinese - e si è fermato davanti all'edificio che ospita il comando degli assaltatori della brigata di difesa capeggiata dal fratello del presidente Siriano Hafez Assad. Rifaat, insieme al carro armato, i soldati Siriani hanno fatto anche sfilare i prigionieri identificandoli come l'equipaggio del mezzo catturato.

In the Syrian capital of Damascus, families were also burying the soldiers killed in Lebanon. Israeli crewmen of a tank who were captured in Lebanon agreed to put themselves and their war machine on display as Syrians fired guns into the air in a signal of triumph. If the Israelis had not submitted to the parade, said one Western diplomat, "they would never return to Israel. When this mess is all over, they will be exchanged, and they will stay alive. Isn't that the name of this game: to stay alive?"

Foreign correspondents in Syria during the Lebanese war reported an unusual happening on July 11, 1982, in the streets of Damascus. During the afternoon of that day, a parade took place, featuring a captured Israeli tank accompanied by armoured vehicles. Captured soldiers were clearly seen in the tank and cars. None of the Israeli soldiers who returned from captivity claimed to have been on the captured tank.

### The following are the main reports of the event

- The Associated Press agency reported on the June 11, 1982 that Syrian soldiers paraded a captured Israeli tank with its crew in the streets of Damascus. The Syrian soldiers shouted slogans and eye witnesses added that they identified those captured as Israeli soldiers and crew members of the tank.
- The Italian "La Stampa" reported on June 12, 1982 that the tank exhibited in Damascus with its crew, reached General Rifaat Assad's, the President brother, Special Forces headquarters.
- Israel has television footage showing the tank parading in Damascus.
- Israel also has further information indicating that Israeli captives were brought from the Sultan Yakoub battle to the nearby village of Itael Fouchar.
- Publications in the Syrian newspaper "Tishrin", June 12, 1982, and "E-Taliyah" (June 15, 1982) report that the Israeli tanks captured were handed over to the "E-Saiqa" organization, which is controlled by the Syrian army. The commander of this organization, Salah Ma'ani, confirmed, in an interview with the French News Agency on June 22, 1982 that he was indeed in possession of the tanks captured in the Bekaa battle.
- The Israeli intelligence source have further information that Salah Ma'ani, the above mentioned commander brought Israeli captives to the "Yarmouk Camp", a refugee camp in the Damascus area when E-Saiqa has its command headquarters, and they were exhibited to the inhabitants of the camp.



## THE CRUEL GAMES OF THE P.L.O.

**T**he PLO, headed by Yassir Arafat, has often made cruel use of the matter of captured and missing Israeli soldiers. On several occasions, Arafat gave interviews to the media, in which he mentioned live Israeli captives held by Syria and Palestinian organizations. On other occasions, he announced that "El Fatah" was holding several dead bodies of Israeli soldiers. In spite of this, the PLO and Arafat disregarded requests from the Red Cross to disclose the information at their disposal.

A passage from the Syrian newspaper "E-Taliyah".

من نوع باتون م ٦٠ وستوربون بعد  
ابادة عناصر العدو وفرار الباقين .  
وقد قامت إحدى المجموعات  
المقاتلة بنقل أربع دبابات مصدبة  
سليمة إلى إحدى قواعدها وهام  
مقاتلتها بالطواف بأحدها في شوارع  
مخيم اليرموك عصر أمس الجمعة .

### قوات الصاعقة تستولي على خمس دبابات معادية

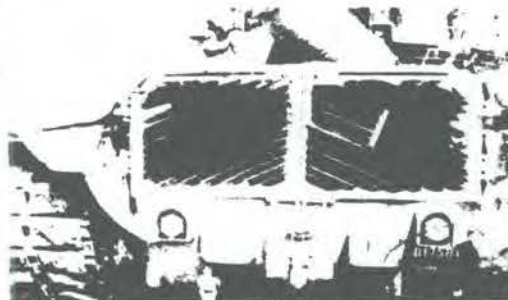
كما شنت مجموعتنا  
هجمات ناجحة خلف خطوط العدو في  
صيدا وخلفة والمأمور ودمرت البتة  
للمو قتلتنا نكلان عددا من ضباط  
أركانته قرب المأمور، وقد اعترف العدو  
بهذا الهجوم الصهيوني  
الذي أسفر عن مقتل البجر جسرال  
يوتوكيل ادم نائب رئيس اركان  
الجيوش الصهيوني والبركيدر حاييم  
سليح .

كما هاجمت مجموعتنا مقر قيادة  
العدو الصهيوني في الشوف على طريق  
غريفا بقتلين مما أدى إلى مقتل  
وجرح عناصر العدو ونديم جالينين. انظر.  
استشهد لثلى هذه المرحلة بطولية  
الرفيق احمد صفية كما جرح خمسة  
آخرون وفقد رفيقان .

عمدا لتأربنا وأمتنا أننا سنبقى  
أولياء لشهدائنا الأبرار مستمرين في  
قتال العدو حتى تحرير كل التراب  
العربي الفلسطيني .

تحول التقدم على محور بيلدر العدي  
- غزة - في منطقة البقاع وقد أجبى  
الرفاق على دبابات العدو واشتبكوا  
مع عناصره في معركة بطولية دمروا  
خلالها أربع دبابات مع اطقمها وأعطيها  
أربع دبابات أخرى كما استولت  
مجموعتنا المقاتلة على خمس دبابات

أدلى التلحق العسكري بأسبانيا بقيادة  
الجماعة لقوات الصاعقة بما يلي :  
بناء على الأوامر الصادرة تحركت  
مجموعتنا القتالية في تمام السلطة  
الثالثة والنصف من صباح  
الجمعة - ١١ حزيران وشنت هجمات  
جريئة على دبابات العدو التي كانت



دبابة اسرائيلية مسخرة



Beirut

Zahlah

Ad Damur

Jabal Al Baruk

Dayr El Qamar

Sultan Ya'qub Hammara

Aytá al Fakhkhar

Jubb Jannin

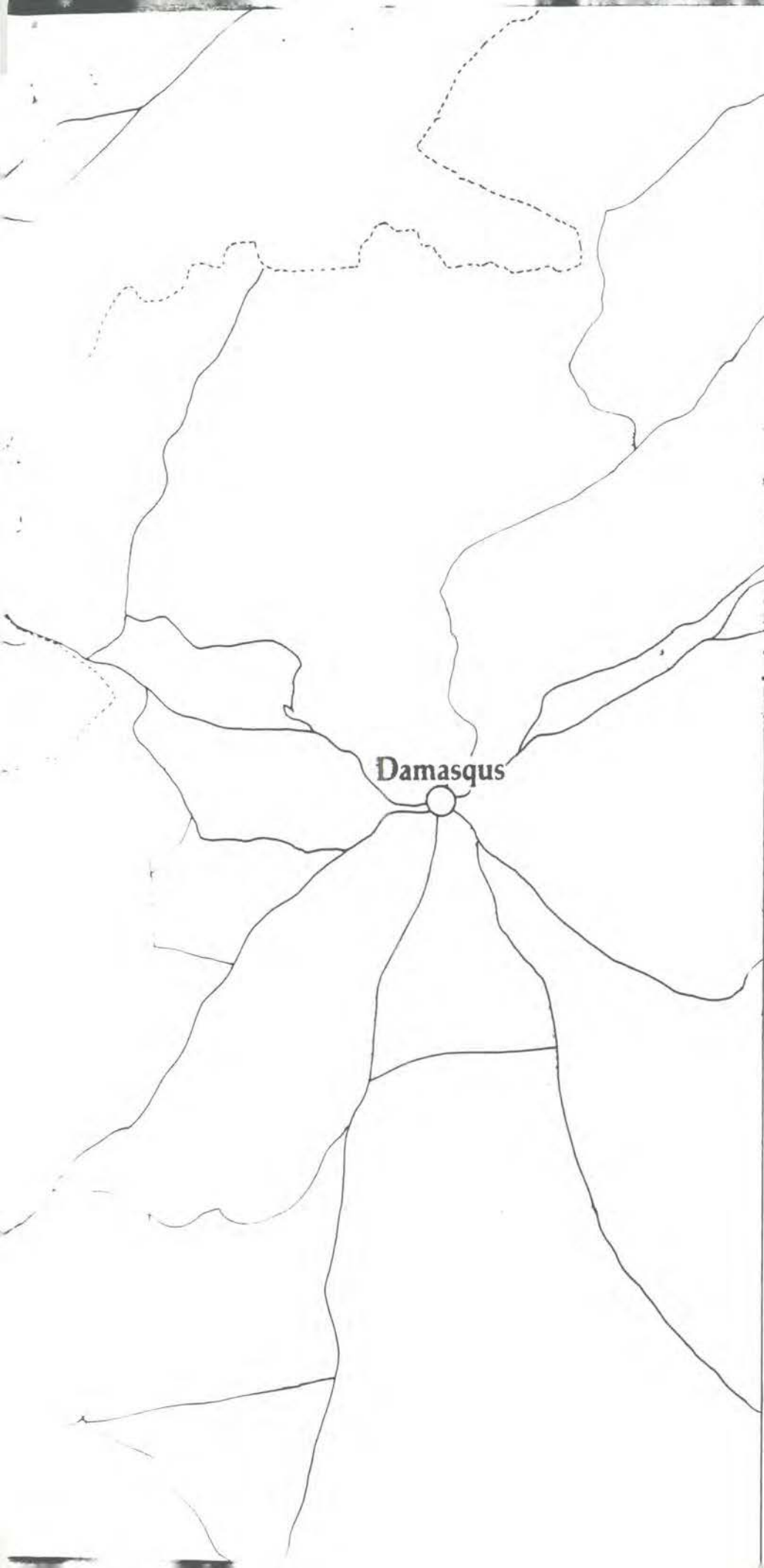
Sidon

Jazzin

Qirawn

Hasbaya





*Damascus*

## THE KIDNAPPING OF SERGEANT SAMIR ASSAD



**I**n April 1983, an Israeli soldier, Sergeant Samir Assad, was kidnapped in the Sidon area. Only after a year in April 1984 did the "Democratic Front" organization of Naif Hawatme admit to having captured him. At the same time, a video tape was shown which included an interview with the captured soldier.

On June 28, 1984, at the time of the prisoner exchange between Israel and Syria, the Democratic Front, which has its base in Syria announced that Samir Assad was killed during an Israeli air raid on Rabbit Isle near Tripoli in Lebanon.

Israel has in its possession official information showing that Samir Assad was not killed during the bombing. Since June 1984, The Democratic Front has obstinately refused to comply with Israel's request that it allow the International Committee of the Red Cross or other international bodies to discuss the matter in order to facilitate Samir Assad's return, or to identify the body they claim is his.



## EFFORTS TO FIND THE MISSING

**D**uring of the years that our dear ones have been missing, we have continued to support the Israeli government's efforts to trace them with the help of the IDF, the security forces and the Foreign Office, to have them return safely home.

During the long time that has elapsed since their disappearances, that the various Palestinian organizations working from Damascus have insistently denied any knowledge of the whereabouts of the missing soldiers. This was the case with Hezi Shai, who was hidden for two years by Ahmad Jibril's organization with no mention, what so ever, as well as that of with Samir Assad, kept for a whole year by Naif Hawatme's organization, who fully denied any knowledge of him.

The Government of Israel appealed to the International Committee of the Red Cross, who has permanent representation in Damascus, to

international figures including intellectuals, religious leaders, and other prominent figures who have shown their willingness to help solve this humanitarian issue and who have made personal contacts with President Assad. Their appeals have been met with refusals from the Syrian authorities, who stubbornly refuse to cooperate in solving the problem of the missing.

This constitutes breaking of a commitment made by the Syrian authorities, to the Red Cross in December, 1983 in which they promised to continue their search for the missing Israeli soldiers.

In contrast to the attitude of the PLO and Syria, Israel has handed over through the Red Cross a reply to Syria's request for information concerning missing Syrian soldiers. More than this, Israel on its own initiative, and unilaterally released wounded Syrian soldiers after the war on humanitarian grounds. This reflects the importance which Israel attaches to human life.





A passage from the Jordanian newspaper "Al-Dustur" of July 9th 1982, in which the captivity of Hezi Shai is mentioned. Also mentioned in this passage is the presence of other prisoners held by Palestinian organizations.

١٩٨٢/٧/٩

## الشيعة

### أحد المقاتلين الفلسطينيين القتاديين من أرض الممرجة

# مقتل (أخيرا) عسكرياً أميركياً أثناء قيامهم بتجريب أسلحة حديثة نفسياً الجندي الإسرائيلي والمبادرة بيد القوات المشتركة

كُتبت بها جابر:

لقد تحول كل موطن في بيروت إلى  
مقاتل حقيقي منذ حرب  
هذا ما تحدثت به المقاتل مصطفى  
أخمين للمسور في لقاء خاص

من السجن إلى الممرجة

والمقاتل أخمين كان قد سجن في  
إسرائيل عام ١٩٦٧ وخروج من  
السجن عام ١٩٧٤ وعملية مقادله  
للشباب وهكذا فقد أضحى في السجن  
التي عثر سنة ١٩٧٢ من خلالها هذه  
هذا الأثر هاب وذلك للتعذيب لم يبال  
أبداً من عجزه ففرجه إلى لبنان  
ليؤتف مع أحراره المقاتلين هناك

مقارنة

وقد ساءلت المقاتل أخمين عن  
المعاملة التي يحال بها الإسرائيلي  
المهاجرة الفلسطينية في السجون في إسرائيل  
المقارنة الفلسطينية في لبنان مقارنة  
مع المعاملة التي يحال بها المصاهبة  
المحتسب الفلسطينيين من خلال



هزي شاي

معانهم له سابقاً كسجن فقال:

أن المصاهبة التي يحال بها الإسرائيلي  
واللبناني تتفق تماماً مع معانهم  
والأول والأخير معانهم وأحسده من  
المصاهبة مع السجناء الفلسطينيين

وأضاف على سبيل المثال ومن  
الذين أحرروا في بيروت قاتله وبناته  
إسرائيل اسمه نسي شاي لا زالت أذا

قلت أنه لم يهرب مباحثاً ولم يحال  
إليه معاملة سيئة وقد قلت له في مرة من  
حديثي معه:

هل ترقى أن الرجولة هي أن تقوم  
بمسيرتك وتعد بيتك؟  
سكت... ولأن حاله يجهل

الحالة النفسية للمصاهبة

وسألت المقاتل أخمين:  
وماذا عن الحالة النفسية التي وصل  
إليها المصاهبة؟

قال: أن طبيعة المصاهبة المصاهبة  
مدات تتأكل حاله بعد المصاهبات  
اللباسية التي تقسم بها المصاهبات  
المشتركة في مختلف المناطق وخاصة  
بعد أن انطلق رسم المصاهبة مع  
مصر التي عثر أيام إيجي القوات

الجيش المصاهبة

قلت: يقال أن السجن المصاهبة بدأ  
ظاهراً المصاهبة في بيروت وحال ج  
بيروت فكيف ذلك؟

قلت له: إذا المصاهبة القوي يمتد إلى  
يشتمله أسان قوي... وهذه الحالة لا  
تطبق على المصاهبة المصاهبة

قال: نعم

وما هي نوعية هذه الأسطة؟

هناك القسائل المعقودية وهي  
عارة عن عدة قتال داخل حار وح  
والتقابل الشراعية وهي على شكل  
مقتل وترتطم هذه القسائل بالزمن ثم  
تغير للأعلى حيث تتغير القسائل  
تغير دوماً إلى أعلى فائدة ذلك بالمعنى  
من التغلب بالقاء الأرص

وقد استعمل المصاهبة هذه القتال  
في قتل السور الذين الفلسطينيين  
والمصاهبة الذين كانوا أحرار

يرون الدرع المصاهبة حينها  
واستورد قتالا: والمصاهبة ما  
تلقه المصاهبة تتجه باستيراد مارك  
حارية وفي ليلة واحدة احتلت القسمة  
من قبل القوات المشتركة ثلاث مراك  
والمصاهبة يومها تتغير من إلى  
١٠ مراك  
خلاصة القول أن الإنسان الفلسطيني  
والإنسان اللبناني قد حقق ما يشبه  
الاستطير أن مصاهبتهم تمتد إلى عدد في  
تلقه حدود المصاهبة فصحهم في  
الليل يتلقون مع مصاهبتهم المصاهبة في  
مناطق معينة:

لا تقصص

وحول ما يقال من القصص الذي  
تصاهبت منته بمرور في السور أو  
التصاهبة والمصاهبة والمصاهبة  
المقاتل أخمين ذلك قتالا: أن هناك  
الكثير من المصاهبة المصاهبة ولا يوجد  
أي شخص على الإطلاق هذا المصاهبة إلى  
أن المقاتل المصاهبة قادر على تحمل  
الجوع وعلى تحمل أي شيء في سبيل  
صهيته ولا أدنى به الأمر إلى الأكل من  
المصاهبة والأصناف وهذا على عكس  
المصاهبة المصاهبة الذي لم يتمنع  
على المصاهبة على الجوع والنفس

والمصاهبة دورها فعال

وسألت المقاتل أخمين عن دور  
القسائل الفلسطينية والمصاهبة في  
الممرجة فقال: أن دورها هام جداً  
مهم مقاتل حينها إلى حيث مع الرجل  
ويشارك في المصاهبة والمصاهبة ولا  
توعية المصاهبة

المصراهبة النفسية

ثم تحدث عن الحرب النفسية التي  
تتأثر بها المصاهبة من المصاهبة  
والمصاهبة المصاهبة التي تتحدث في أسطة  
بأساطير المصاهبة التي تتحدث في أسطة  
أهم مبرر من عليها المصراهبة التي  
على المصاهبة أن يسكنوها في  
مصر وهم كمن هذه المصاهبة المصاهبة  
يتكلمة وهي لا يوجد أي اهتمام من



## SYRIA IS RESPONSIBLE FOR THE FATE OF THE MISSING

**E**vidence in the hands of the Israeli authorities demonstrates beyond a doubt that Syrian President Assad has the key to clarifying the whereabouts and fate of the 3 Israeli soldiers Zvi Feldman, Zecharia Baumel and Yehuda Katz, missing since the battle on June 11, 1982 at Sultan Yakoub.

This area is under Syrian control. The two tanks in which they served as crew were hauled away from the scene of the battle by the Syrian army. The episode of the tank on parade in Damascus, and the announcement by the E'Saiqa organization and other reports already mentioned show that Syria is directly responsible for identifying and finding the missing soldiers. Even if the three missing soldiers are prisoners of Palestinian organizations, the Syrian's cannot disclaim their responsibility as these organizations worked in close conjunction with Syria. Regarding Arafat and his organization, their responsibility is no less than that of Syria and they should provide all the information in their possession, with regards to the fate of the missing.

The responsibility rests on Syria also in finding Samir Assad, as it was clearly stated by Naif Hawatme's organization, which works in Syria and is wholly dependent on Syria, that they are holding him. Contacts between Hawatme and international bodies took place in Syria and if the Syrian regime had been honest in negotiations, Hawatme would have been forced to comply and reveal the place of captivity.

It is impossible to believe that these four Israeli soldiers vanished and that the Syrian authorities know nothing of their whereabouts or fate. Syria's refusal to take steps to solve this humanitarian problem, in total disregard of requests from various international organizations and leaders, as well as of its own undertakings, cannot but awaken the consciences of people all over the world.

We expect public opinion all over the enlightened world to support our call for the implementation of basic human rights and freedoms.

We call upon you, who read these words, to join the desperate call of the missing soldiers' families. Return Our Sons!



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

August 27, 1987

Dear Bob:

Thank you for the opportunity to respond to the correspondence from Dr. Charlotte Zieve and her colleagues and students at the University of Wisconsin, Institute for Environmental Studies. As you can see from the attached letter, we take the issues of overgrazing, land degradation and threats to wildlife in Botswana very seriously and feel that we are taking appropriate and decisive action to address them through our policy dialogue and lending program in that country.

While the Bank's support for livestock projects in Botswana has been criticized, on occasion, by a number of environmental groups, much of that criticism is based on a misunderstanding and even sometimes misrepresentation of the Bank's objectives and activities. The process of replacing a destructive and uncontrolled exploitation of communal grazing lands with a more rational approach based on professional land management will not be a short or easy one, but we feel that there is definite progress for which the Bank can take a certain measure of credit. The current National Land Management and Livestock Project profits from the lessons of the past and includes a number of elements designed to address previous problems in implementation and to build national capacity for land and wildlife management.

Sincerely,

(Signed) Barber B. Conable

The Honorable  
Robert W. Kastenmeier  
The House of Representatives  
Washington, D.C. 20515

JPratt/as:rcr  
cc: Mr. Rajagopalan (PRE)  
Mr. Christoffersen (AFT)



## The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

August 25, 1987

Dr. Charlotte Zieve  
Institute for Environmental Studies  
University of Wisconsin-Madison  
550 N. Park St., 40 Science Hall  
Madison, Wisconsin 53706

Dear Dr. Zieve:

Thank you for your letter of August 4, 1987 concerning the World Bank's activities in relation to development of the beef cattle industry in Botswana. We share your concerns about the environmental impacts of overgrazing and together with the Government are actively pursuing a program aimed at stopping and reversing the deterioration of the land, which is Botswana's most valuable resource.

While we value questions and criticisms from concerned individuals and groups, often these criticisms are based on inaccurate or misleading information about the Bank's objectives or activities. For example, it is widely mistated that the Bank seeks an increase of 50% in beef exports from Botswana (the actual figure is 2-3%), that grazing lands are to be extended onto the Okavango Delta (not true; in fact, protection of the delta from cattle has been increased), and that the Bank supports the placement of cordon fences (we have never financed cordon fencing and have in fact urged that a review of fencing policy be included in the national conservation strategy now being prepared). It is also important to appreciate the difficult and complex economic, social and political considerations involved, as well as the role of the six-year drought in Botswana, the longest in memory, which has done incalculably more damage to the environment than any combination of policies or practices.

You state in your letter that the beef cattle industry is not supportable in Botswana over the long term. However, cattle rearing has long been an economic mainstay of tribal people in Botswana, as in much of Africa, and remains critical to the sustenance of a large portion of the population as ecological conditions over much of the country make alternatives such as crop agriculture inefficient or impossible. Beef exports are also a crucial source of foreign exchange for the country, which is over-dependent on the diamond market. Well-managed livestock husbandry is recognized as often the most appropriate use of marginal agricultural land; thus, the problem is not the presence of cattle per se, but rather the prevailing lack of proper management. The Government of Botswana, with support from the World Bank, has embarked on a long-term program to try to correct this situation and to rationalize land use in the country.

The core of this program has been the development and implementation of two key national policies: the Tribal Grazing Lands Policy (TGLP), approved by the Government in 1977, and the National Conservation Strategy, being prepared under the auspices of the International Union for the Conservation of Nature and Natural Resources, the EEC and others. Under the TGLP, the Government seeks to divide the country's limited land area in a rational way among traditional, communal



grazing areas, commercial ranches, and wildlife reserves. The purpose of allocating land for commercial ranches is to provide larger stockholders with an incentive to remove their cattle from the communal grazing areas, where they are contributing to the severe overgrazing problem, and to introduce improved range management on the land which they control. Criticism of the Bank's support for the creation of fenced leasehold ranches usually fails to note the damage done by the existing "cattle post" system, whereby most of the vast tribal rangelands are grazed on a free-for-all basis by cattle owners around boreholes which they own. The commercial ranches to be financed by the Bank's project are intended to replace such cattle-posts, where overgrazing is chronic, and certainly not to displace small cattle-owners, as suggested in some quarters.

The objective of the World Bank's projects in the livestock sector in Botswana has been to encourage and support the Government's efforts to formulate and implement policies aimed at reducing overstocking and land degradation. The goal is not to create new herds, but to convert the current, uncontrolled and destructive system to one based on proper cattle and range management and to reduce overall cattle numbers through improved marketing opportunities and incentives for cattle owners of all sizes to promote greater off-take from existing herds. Specific components of Bank projects have included the reorganization of local Land Boards and District Land Planning Units; improvement of trek routes, railway handling facilities, etc. to promote cattle marketing; establishment of a training program which so far has turned out over 100 skilled range managers; and special extension support and pilot community grazing schemes to demonstrate improved range management methods to traditional smallholders. We are also supporting the construction of an additional abattoir to increase offtake from the herd, as a major case of overstocking in the past was inadequate abattoir capacity. Because of the serious social and traditional constraints already known to hinder development of small-scale, village-based land management schemes, the current Bank project provides technical assistance, in the form of a rural sociologist and livestock development specialists, to help extension officers stimulate community efforts.

With regard to the wildlife aspects, the current Bank project was prepared with the active participation of wildlife consultants hired by the Bank and included consultations with environmental groups such as the World Wildlife Fund and the Kalahari Conservation Society. It should be noted that Botswana has proportionately more land reserved for wildlife than almost any other country. Under the Government's Sixth National Development Plan, this area is to be expanded so that wildlife will have protected access to approximately 30% of the country's local range land. Under the Bank's ongoing project, several wildlife management areas will be created, and the first will be gazetted soon. The Bank is helping the Government to restructure and strengthen its Wildlife Department to enable it to implement the National Conservation Strategy. As the EEC has committed \$40 million in grant funds to support various environmental projects in Botswana (and a number of other donors are also contributing significant amounts to this cause), the Bank considers it can be of greatest assistance in helping the Wildlife Department cope with its intensified role.

August 25, 1987

In addition to these specific project components, the Bank has maintained a steady policy dialogue with the Government on issues related to overgrazing, land degradation and environmental protection, and is providing technical assistance for an analysis of pricing, taxation and cost-recovery policies.

Clearly, there have been significant problems in the implementation of some of the strategies and project components described above, leading to valid questions on the part of many who, like yourself, are concerned about the problems of environment and development and about the perceived role of the World Bank in aggravating an already dangerous situation. I hope that this letter has helped to clarify the Bank's objectives and the significant and serious thought which has gone into the design of Bank projects in this sector.

As I am sure your Botswanan students can confirm, there is no easy solution to the pressing problem of controlling grazing of cattle herds, which vary tremendously in size and are mostly owned, hired or grazed according to complex local customs. Since Botswana is a vigorous democracy, from its parliament down to the village compound, wholesale manipulation of people and cattle has been firmly ruled out by the Government. Other ways must be found. The process is likely to be long and difficult and some seemingly good approaches may prove to be disappointing in the end. However, the solution urged by some of the Bank's critics, to abandon the effort and permit the status quo to continue unchallenged, can only lead to disaster as the populations of people and cattle continue to expand rapidly, placing even more pressure on an already over-burdened land.

Sincerely yours,



Roger Grawe  
Acting Chief  
Country Operations Division  
Southern Africa Department



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

October 27, 1987


Dear David:

Thank you for your letter of October 14, 1987, which accompanied the 21,000 signed petitions delivered to me on October 16 by members of the Environmental Defense Fund. I take very seriously the concern addressed in these petitions, namely, the impact of World Bank lending on the environment.

As you are aware, the World Bank has recently taken steps to significantly strengthen its ability to ensure that its investment lending evidences a strong commitment to environmental protection in addressing the problem of global poverty. In addition, in its policy lending, the Bank is increasing its efforts to sensitize recipient governments to environmental issues so that these governments will work to develop their own environmental guidelines and programs that extend beyond those specified by Bank programs and projects. Finally, the Bank is increasing its contacts with the NGO community. NGOs will be involved in efforts to implement more environmentally sound projects where it appears this would be useful and where this is consistent with the concerns of the borrower.

I want to assure you of my commitment to continued progress in achieving environmentally sustainable development through World Bank-funded projects. I firmly believe that the World Bank is an increasingly positive force in fostering both economic growth and efforts to conserve the resource base upon which such growth ultimately depends.

Sincerely,



The Honorable David Obey  
Member of Congress  
Congress of the United States  
House of Representatives  
Washington, DC 20515

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

WISH - Urgent  
Info/Action - MH

CORRESPONDANCE DATE : 87/10/14 DUE DATE : 87/10/28  
LOG NUMBER : 871016012 FROM : David Obey  
SUBJECT : Re: World Bank financed projects that are damaging the  
environment.  
OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

RECEIVED 025  
87 OCT 16 AM 11:47  
POLICY PLANNING & RESEARCH  
SENIOR VICE PRESIDENT

ACTION:

- \_\_\_\_\_ APPROVED
- \_\_\_\_\_ PLEASE HANDLE
- \_\_\_\_\_ FOR YOUR INFORMATION
- \_\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION
- \_\_\_\_\_ FOR THE FILES
- ✓ \_\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_
- \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE
- \_\_\_\_\_ AS WE DISCUSSED
- \_\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : Note: This letter was handed to Mr. Conable on October 16th at  
a meeting with Bruce Rich of the Environmental Defense Fund,  
along with 21,000 signed petitions. cc: External Affairs

Petitions sent to Mr. Hopper's office for appropriate disposition/handling.

(EXC)



DISTRICT OFFICE:  
FEDERAL BUILDING  
317 FIRST STREET  
WAUSAU, WI 54401  
PHONE: 715-842-5606

DISTRICT REPRESENTATIVE:  
JERRY MADISON

FIELD REPRESENTATIVE:  
MARTIN HANSON

Congress of the United States  
House of Representatives  
Washington, DC 20515

## SUBCOMMITTEES:

CHAIRMAN:  
FOREIGN OPERATIONS AND  
EXPORT FINANCING

MEMBER:  
LABOR-EDUCATION, HEALTH  
AND HUMAN SERVICES

MEMBER:  
LEGISLATIVE

## JOINT ECONOMIC COMMITTEE

WASHINGTON OFFICE:  
2217 RAYBURN HOUSE OFFICE  
BUILDING  
PHONE: 202-225-3365  
EXECUTIVE ASSISTANT:  
LYLE STITT

October 14, 1987

Mr. Barber Conable  
President  
World Bank  
1818 H St., N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

I am writing to urge you to seriously take into consideration more than 20,000 petitions which were delivered to you on October 16th from members of the Environmental Defense Fund. The signatories of these petitions are taxpayers from all over the United States, constituents of mine and other members of the Congressional Appropriations Committees. The fact that so many individuals have made the commitment to sign such a petition shows, the depth of concern of the American public towards U.S. support for the activities of the World Banks financing projects and policies that further environmentally sustainable development.

Under your leadership, the bank is undertaking praiseworthy environmental reforms. I believe that the concern expressed by members of national environmental groups is also an important, and newly awakened source of support for the World Bank, providing the Bank can demonstrate a commitment to making the sustainability and conservation of irreplaceable resources, such as tropical forests not only a priority, but the prerequisite of all its development activities.

Sincerely yours,

David R. Obey  
Member of Congress

NGO JOINT STATEMENT  
on the occasion of the  
1987 World Bank/IMF Annual Meeting  
September 29-October 1

I. Introduction

During the 1987 World Bank/IMF Annual Meeting, 35 non-government organizations (NGOs) from fourteen countries assembled in Washington D.C. to review among themselves the environmental and socio-cultural performance of the World Bank over the last year. NGOs also attended the Annual Meeting as visitors, and held meetings with Bank staff, country delegations and Executive Directors.

Based on these meetings, the undersigned organizations request the World Bank to adopt the following reforms in order to improve the environmental and social soundness of its policies and projects.

II. Recommended Reforms

1. In order to promote sustainable development, the World Bank must allow NGO and public participation in development projects, country economic planning, and structural adjustment programs. Access to information is an essential element of local community and NGO participation in the development process. The World Bank must allow access to information to all interested NGOs and local communities in borrower countries in the following categories:

a. adequate notification of up coming projects through public announcements in the media; notification should occur 90 days before Executive Directors vote on any project;

b. Executive Directors voting records should be made available upon request;

c. monthly operational summaries, terms of reference for feasibility studies, staff appraisal reports, environmental assessments, reports to Executive Directors, mission reports, sector analysis papers and other relevant documents should be available upon request;

2. The World Bank and other multilateral development banks (MDBs) must create a mechanism for systematic public participation and public monitoring of projects at all stages of the project cycle. NGOs with concerns should have access to project sites.

3. The World Bank must take responsibility for ensuring that environmental and human rights conditions in loan agreements and policy documents are adhered to.

4. The World Bank, as part of the United Nations System, should:

a. uphold the Universal Declaration of Human Rights and the Charter of Nature adopted by the U.N. General Assembly; recognising the intrinsic rights of all cultures and species.



b. adopt procedures for NGOs to be accorded official observer status within the Bank, with a right to attend all Bank meetings, including meetings of the Board of Directors.

5. The Bank must continue to increase its staff of professional ecologists, anthropologists, and social scientists in order to assure thorough systematic appraisal, review and monitoring of environmental and socio-cultural impacts of projects.

6. The Bank must systematically involve ministries of environment, health and welfare in borrower countries in project planning, country program planning and strategy sessions.

7. Non-project lending, such as sector, policy based and structural adjustment lending, must be designed to promote sustainable management of resources and to protect the land and cultural identity of vulnerable minorities. The World Bank must require that these loans contain analyses of the impact of such lending on natural resources and indigenous people; and allow NGOs the opportunity of informed involvement in negotiations on said loans. It must be stipulated in sector loan agreements that disbursements under these loans must not contribute to projects previously rejected by the Bank because they failed to meet adequate environmental and socioeconomic criteria.

8. We continue to be deeply concerned about the Bank's involvement in projects which cause widespread tropical deforestation, contribute to global problems of desertification, spread of waterborne disease and forced resettlement of indigenous people such as those described in "Financing Ecological Destruction", an NGO booklet published during the World Bank/IMF Annual Meeting.

The rainforests of the Amazon, Central America, Africa and South East Asia are being destroyed at an increasing rate, as are critical wetlands and other important ecosystems that provide the basis of all life, in part as a result of World Bank financed projects. These include major dam projects in the Narmada Valley of India, Transmigration in Indonesia, and cattle ranching in Botswana. Immediate steps must be taken by the World Bank and other MDBs to ensure that their involvement in these projects prevents irreversible ecological and cultural destruction, and provides adequate provision for resettlement and rehabilitation of displaced people.

9. The World Bank and other MDBs must actively pursue initiatives to ensure the protection of the environment and vulnerable cultures, including the thorough implementation of existing policies on wildlands and tribal peoples.

10. MDBs should create a "World Conservation Bank," as recommended by the World Commission on Environment and Development. A crucial aspect of this Bank will be to develop initiatives which enable developing countries to repay portions of their outstanding public and private international debts through investments in natural resource conservation.

11. The IMF must incorporate ecological, socio-cultural considerations in its lending policies and should initiate studies to determine the long term environmental and social effect of its lending programs. The World Bank and the IMF should include NGOs in the formulation of these new policies.
12. The Bank must shift its lending priorities so that a much greater proportion of its loans go for smaller scale, environmentally and socially beneficial projects and project components, resource rehabilitation projects, and appropriate or light technology projects.
13. We call on the World Bank and other MDBs, as a priority, to channel future energy sector investments into economically and ecologically more viable alternatives to large dams. Alternative investments include end use efficiency and conservation improvements in the industrial, urban and agricultural sectors.
14. We call for a moratorium on MDB investments in new, large dam projects, until these institutions reform their appraisal methodology, as a precondition of all feasibility studies, to fully assess and address the environmental and social costs of such projects. We call for a moratorium on loan disbursements on existing large dam projects where critical environmental assessments and resettlement and rehabilitation plans are either unprepared, inadequate or not properly implemented.

Environmental Policy Institute  
USA

Environmental Defense Fund  
USA

Friends of the Earth  
Sweden

Friends of the Earth  
USA

National Wildlife Federation  
USA

Sierra Club  
USA

Rainforest Information Centre  
Australia

International Dams Newsletter  
USA

Survival International  
USA

Rainforest Action Network  
USA

Narmada Dharangrast Samiti  
India

Probe International  
Canada

Regenwalder Zietung  
Germany

Robin Wood  
Germany

Irian Jaya Rural Community  
Development Foundation  
Indonesia

Monitor International  
USA



Nicaraguan Association of  
Biologists and Ecologists  
Nicaragua

Instituto de Estudos Amazonicos  
Brazil

European Youth Forest Action  
The Netherlands

Plan Sierra  
Dominican Republic

Development Group  
for Alternative Policies  
USA

Native Forest Action Council  
New Zealand

Fundacion para la Investigacion  
y Proteccion del Medio Ambiente  
Colombia

Federacion Conservacionista  
Mexico

International Center For  
Development Policy  
USA

Australian Coalition for the  
Reform of the Multilateral  
Development Banks  
Australia

Tropical Ecosystem Research  
and Rescue Alliance  
USA

Natural Resource Defense Council  
USA

Greenpeace  
USA

Environmental Project on  
Central America  
USA

Netherlands National Committee  
of the International Union  
for Conservation of Nature and  
Natural Resources  
The Netherlands

Additional Endorsing Organizations:

Friends of the Earth, U.K.

Southern Brazilian Association  
For Natural Environment Protection  
Brazil

Promundo Argentina  
Argentina

Robin des Bois  
France

Robin Wood Letzenburg A.S.B.L.  
Luxembourg

Arbeits Gemein Schaft Regenwald  
und Arteuschatz  
Germany

Environmental Liaison Centre  
Kenya

European Environment Bureau  
Belgium

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

Office of the President

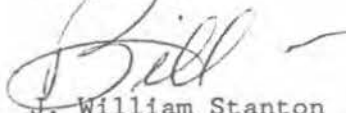
November 5, 1987

Dear Frank:

I wish to acknowledge your letter to Barber Conable forwarding Mr. Edward Nedimala's letter regarding possible cost-cutting measures for the World Bank. Mr. Conable is out of the country this week visiting three of the Bank's member countries in Asia. In his absence, I am looking into some of Mr. Nedimala's recommendations, and I will bring his letter to Barber's attention on his return to the office.

Thank you for bringing Mr. Nedimala's concerns to our attention.

Sincerely,



J. William Stanton  
Counselor to the President

The Honorable Frank Horton  
U.S. House of Representatives  
Washington, D.C. 20510

~~DBCE o/r~~  
~~CP~~  
(1) - MH -  
Do we want  
to pursue  
this? I'm  
concerned that  
any further  
response will  
only provide  
ammunition.

yes  
Linda  
I agree  
let's stop  
here  
Ch.  
looked with  
11/16  
C.D.

**The World Bank**  
Washington, D.C. 20433  
U.S.A.

November 16, 1987

Dear Mr. Nedimala:

Your letter, sent through the office of Congressman Horton, has been received while Mr. Conable is in Asia travelling for The World Bank.

In the meantime, because your concerns with regard to cost reduction are shared by senior managers, I have asked that your letter be reviewed in Mr. Conable's absence. On his return I will bring your letter to Mr. Conable's attention.

Thank you for your interest in the Bank.

Sincerely,



J. William Stanton  
Counselor to the President

Mr. Edward Nedimala  
13212 Osterport Drive  
Silver Spring, Md., 20906

JWS

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/10/16 DUE DATE : 00/00/00  
LOG NUMBER : 871030008 FROM : Frank Horton  
SUBJECT : Enclosing letter at the request of Edward Nedimala regarding  
his views on the current World Bank expatriate benefits.  
OFFICE ASSIGNED TO FOR ACTION : Mr. Wapenhans (D-1250)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ ☒ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
\_\_\_\_ PLEASE PREPARE RESPONSE FOR \_\_\_\_\_ SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : Note: Please provide Mr. Conable with a copy of response.

CC:EXT

We must acknowledge to Frank Horton  
from BBC. Perhaps we should ask  
to see draft response. JWS - your thoughts, pls.

L-

L- Was Mr. Nedimala a former Bank employee? He  
seems to know a great deal about the institution. We should  
acknowledge receipt of letter to Frank Horton and to see draft  
response. JWS



FRANK HORTON  
U.S. REPRESENTATIVE  
29TH DISTRICT OF NEW YORK

COMMITTEES:  
GOVERNMENT OPERATIONS  
RANKING MINORITY MEMBER

POST OFFICE AND  
CIVIL SERVICE

DEAN, NEW YORK  
REPUBLICAN DELEGATION

WASHINGTON OFFICE:  
2229 RAYBURN BUILDING  
WASHINGTON, DC 20515  
(202) 225-4916

# Congress of the United States

## House of Representatives

Washington, DC 20515

October 16  
1987

 DISTRICT OFFICES:  
314 KENNETH B. KEATING  
FEDERAL BUILDING  
ROCHESTER, NY 14614  
(716) 454-7490  
FTS-963-6270

WAYNE COUNTY OFFICE BUILDING  
LYONS, NY 14489

DOLORES ROSE, DIST. DIR.  
FEDERAL LIAISON ADMINISTRATOR

MARY PAT FITZGERALD  
FEDERAL LIAISON ASSOCIATE

Hon. Barber B. Conable, Jr.  
700 New Hampshire, Apt. 516  
Washington, D. C. 20037


Dear Barber:

At the request of Edward Nedimala, I am forwarding his letter to you at your home address. I have not indicated your address to him.

I hope that everything is going well for you, and look forward to seeing you soon.

With kindest regards,

Sincerely

  
Frank Horton

FH:drsb  
Enc.

13212 Osterport Dr.  
Silver Spring, MD 20906  
October 4, 1987

Mr. Barber C. Conable  
President, World Bank  
Washington D.C.

Dear Mr. Conable:

As a former resident of Rochester, New York, I was delighted when you were appointed President of the World Bank. Your elevation to this high position was a great honor to Rochester. After you became the president, the world bank has attracted considerable media attention mainly because of your reorganization plan. Never in the history of the bank have such far-reaching changes been undertaken. During this short period you have displayed leadership, courage, and determination to streamline the bank's operations, eliminate waste and reduce excess staff.

The purpose of this letter is to congratulate you for initiating these organizational changes. May I take this opportunity to bring to your attention other areas of possible cost reduction. My comments and suggestions are purely from the point of view of a U.S. taxpayer and federal employee. I think that significant cost savings can be realized by withdrawing the following benefits given to the foreign employees of the bank. These benefits are unparalleled either in government or in industry.

- o Foreign employees and their families get all expense paid vacations to their native lands every two years under the 'home leave' program. This includes air fare, hotel expenses, luggage allowance, and spending money.
- o Foreign employees get monthly allowances for spouses and children
- o 80% of tuition and travel expenses of students and parents are paid by the bank if the children are educated abroad. 80% of tuition of pre-school children are paid even if they are educated here.
- o Foreign employees get five weeks annual vacation in the first year of employment
- o These employees do not pay a dime in taxes either to U.S. or to their home countries

The World Bank has been criticized in the media for extravagance, waste, and mismanagement. As you may be aware, the sentiment in Congress has been supportive of this view.



According to the State Department International Organization Bureau estimates, the basic salaries of the bank's employees are about 38% to 57% higher than the U.S. civil service salaries. A professional makes about \$40000-80000 tax free annually while a counterpart in U.S. civil service makes between \$30000-72000 before tax.

You have quite rightly made these highly paid employees realize that they cannot expect lifetime employment any longer and that they too are vulnerable to layoffs, paycuts, and reductions in benefits which employees have to face in this country.

I think every U.S. taxpayer should fully support your effort, at this critical juncture, to set the bank on a new course. U.S. taxpayers have a right to expect an end to this waste and inefficiency prevalent at the bank.

Foreigners hold 75% of the bank's jobs. It may be interesting to find that a large number of foreign employees are former embassy employees. In the past, the bank has been a benevolent employer to foreigners, some of whom, otherwise could not have found employment here.

Foreign employees unscrupulously exploit the bank's liberal policies to their advantage. There are situations where the spouse who works for the bank intentionally remains a non-immigrant when the other spouse is an immigrant for fear of losing the benefits especially the 'home leave' vacation trip.

It is unfair that when U.S. parents are struggling to keep pace with rising educational costs, that foreign employees of the bank can afford to send their ten-year-olds to boarding schools in England, to educate their older children in prestigious foreign universities and also to own two homes in expensive neighborhoods. A U.S. civil servant may not be able send his/her child to \$6000 a year nursery school in this area. But a messenger in the world bank can.

Giving reasonable benefits to foreign employees of an international organization is understandable. But these benefits are unprecedented and have been increasing over the years.

For instance, the frequency of 'home leave' trip has increased to every two years from every four years. A few years ago, the bank started giving the 'spending money'.

There are hundreds of thousands of foreigners working in this country. They do not get these kinds of benefits. If they want to visit their native lands, they have to pay out of their own pockets.

It seems that the bank wants the foreign employees to keep in touch with their countries and their cultures because they are expected to go back to their homelands at the end of their employment with the bank. This is why they are allowed to visit their homelands once in two years at the expense of the bank.

In reality, this does not happen because most of these employees make every effort to remain in this country. Under the new Immigration Law, the foreign employees with 15 or more years of service in the bank are eligible to apply for U.S. immigration. Now, they get the best of both worlds. On one hand, they get the special benefits and on the other hand they get permanent resident status.

I would like to offer the following suggestions for your considerations.

- o Withdraw the 'home leave' trip which is a very costly benefit
- o Reduce the number of foreign employees. The current percentage (75%) is highly disproportionate
- o Stop paying for the educational expenses of children of foreign employees
- o Bring the salaries, leave, and other benefits in line with those of U.S. civil servants.
- o Utilize the savings realized by reducing/eliminating above benefits to help developing countries

Thank you for your attention.

Your's Sincerely

*Edward Nedimala*

Edward Nedimala



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

November 17, 1987

Dear Mr. Bustamante:

Thank you very much for the letter of October 20, 1987 which you co-signed with 27 of your colleagues in the House of Representatives, and which refers to the World Bank's policy toward the environment.

We are in fact embarking upon an ambitious program to improve the Bank's performance in this area. We are particularly concerned about the destruction of rainforests and other fragile ecosystems, the consequences of which are often irreversible. A new organizational structure to address these issues has been created. It involves new procedures, additional staffing, and recruitment of new staff who possess the required skills. Our approach will essentially be twofold. First, we will devote increasing efforts to the planning and implementation of our projects to ensure that they are environmentally acceptable. Second, we will look beyond individual projects to analyze the forces at work which result in environmentally destructive behavior on a wide scale, and devise appropriate policy instruments to be introduced at the country economic planning level.

I believe these are major steps, but much work remains to be done. I fully agree with you as to the importance of protecting the environment if sustainable economic development is to be achieved. The subject is very high on the World Bank's agenda, and we will continue to be advocates for sound environmental management within the international development community.

Please be assured that I am in sympathy with the views you have expressed, and will continue to work to ensure that they are reflected in our day to day policy and lending activities.

Sincerely,

(Signed) Barber B. Conable

The Honorable  
Albert G. Bustamante  
House of Representatives  
Washington, D.C. 20515

JWarford/rcr  
cleared with and cc: Mr. Hopper (SVP, PPR)

THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

November 17, 1987

Dear Mr. Buechner:

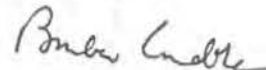
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Please be assured that I am in sympathy with the views you have expressed, and will continue to work to ensure that they are reflected in our day to day policy and lending activities.

Sincerely,



The Honorable  
Jack Buechner  
House of Representatives  
Washington, D.C. 20515

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

RECEIVED 010'

CORRESPONDANCE DATE : 87/10/20

DUE DATE : 87/11/17

LOG NUMBER : 871022014

FROM : Jack Buechner, John

SUBJECT : Re: The role of the World Bank in Third World debt and  
resource conservation.

87 OCT 26 AM 10:44  
POLICY, PLANNING & RESEARCH  
SENIOR VICE PRESIDENT

OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

APPROVED

PLEASE HANDLE

FOR YOUR INFORMATION

FOR YOUR REVIEW AND RECOMMENDATION

FOR THE FILES

PLEASE DISCUSS WITH

PLEASE PREPARE RESPONSE FOR

AS WE DISCUSSED

RETURN TO

SIGNATURE

(to <sup>each</sup> ~~all~~ undersigned  
members)

COMMENTS : cc: Judy Maguire, EXT.





# Congress of the United States

House of Representatives  
October 20, 1987

BUDGET COMMITTEE  
SCIENCE, SPACE, AND  
TECHNOLOGY COMMITTEE

JACK BUECHNER  
2D DISTRICT, MISSOURI

Mr. Barber Conable  
President  
World Bank  
1818 H Street N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

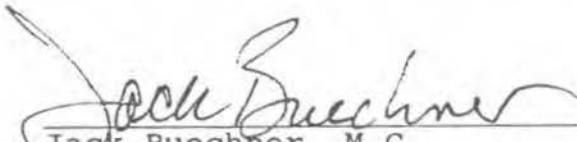
We are writing to you regarding the role of the World Bank in Third World debt and natural resource conservation. We are calling upon the World Bank because it serves as a leader in lending institutions whose loan conditions are being used as benchmarks for parallel lending by other institutions.

In May you publicly acknowledged that "sound ecology is good economics." Conservation, both financial and environmental, is of utmost importance to the development of the Third World. Currently, many loans are used to finance vast projects such as the clearing of rain forests or the construction of huge dams. The financial assistance is greatly appreciated; however, the emphasis should be shifted to encourage sustainable development which will help developing countries service debt in the future.


The objectives of sustainable economic growth, poverty alleviation, and environmental protection are mutually reinforcing. By redirecting funds for projects which will not lead to wholesale destruction of the rain forests, the economy of industries which depend on the forests will flourish. The conservation projects would make use of rubber, nuts, and medicinal plants and other products furnished by the rain forest itself, instead of cutting down the trees. We hope that the World Bank will negotiate substantial environmental policy loans with Third World countries, setting firm guidelines to avoid or minimize damage to tropical rain forests, watersheds, and wildlife habitat.

We, the undersigned Members of the United States House of Representatives, respectfully ask that you extend policies to assure sustainable economic development by protecting the environment and resource base of the borrowing countries, and that you encourage other international financing institutions to do so, also. We appreciate your attention to this matter very much.

Sincerely,

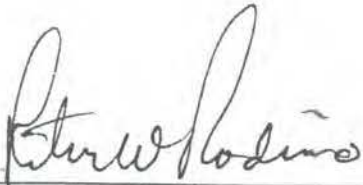
  
Jack Buechner, M.C.

WASHINGTON OFFICE  
502 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-2561


  
John Edward Porter, M.C.

DISTRICT OFFICE  
13545 BARRETT PARKWAY DRIVE  
SUITE 150  
BALLWIN, MO 63021  
(314) 965-1101

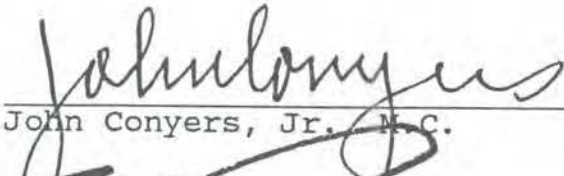




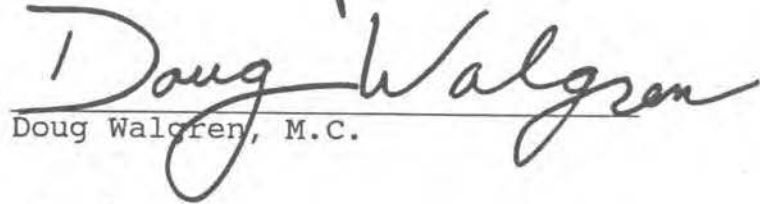
Peter W. Rodino, Jr., M.C.



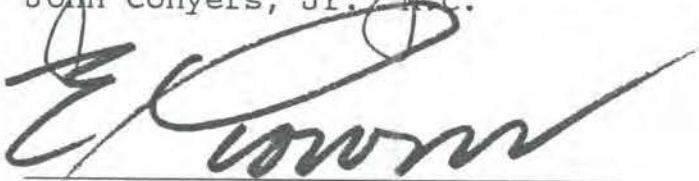
Dennis E. Eckart, M.C.



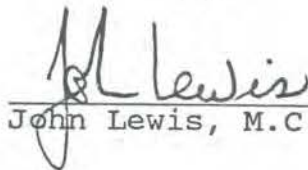
John Conyers, Jr., M.C.



Doug Walgren, M.C.



Edolphus Towns, M.C.



John Lewis, M.C.



Mervyn M. Dymally, M.C.



Major R. Owens, M.C.



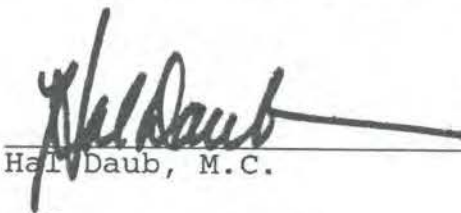
Thomas C. Sawyer, M.C.



Douglas H. Bosco, M.C.



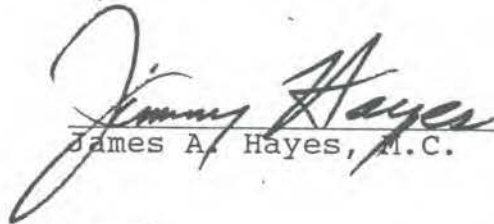
William J. Hughes, M.C.



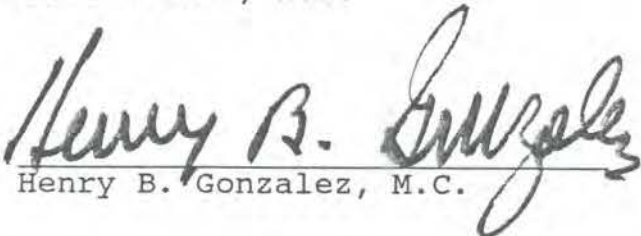
Hal Daub, M.C.



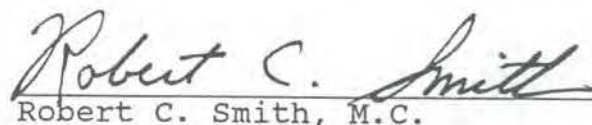
Curt Weldon, M.C.



James A. Hayes, M.C.



Henry B. Gonzalez, M.C.



Robert C. Smith, M.C.



Robert J. Mrazek, M.C.



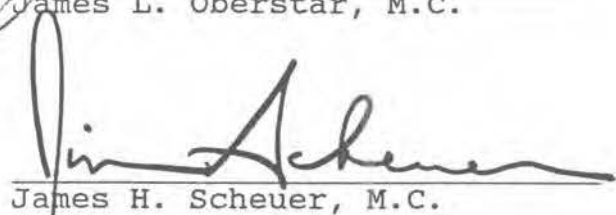
George J. Hochbrueckner, M.C.

 8  
Bruce F. Vento, M.C.

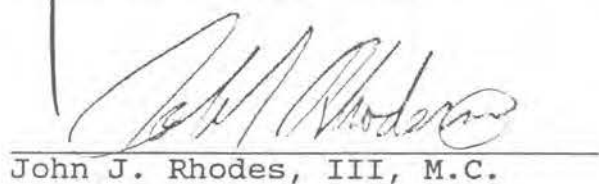
  
Harris W. Fawell, M.C.

  
James L. Oberstar, M.C.

  
Robert Lindsay Thomas, M.C.

  
James H. Scheuer, M.C.

  
Gerry Sikorski, M.C.

  
John J. Rhodes, III, M.C.

  
Albert G. Bustamante, M.C.



# Record Removal Notice

<b>File Title</b> Liaison Files: U.S. Government - U.S. House of Representatives - Correspondence 01		<b>Barcode No.</b>  1780990		
<b>Document Date</b> 10 November, 1987	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> Hon. Austin J. Murphy, Congress of the United States House of Representatives From : Kenneth G. Lay, Chief, Funding Group III, Financial Operations Department				
<b>Subject / Title</b> Harry D. Brock's IBRD Bond				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Vlada Alenkina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011			



# Record Removal Notice

<b>File Title</b> Liaison Files: U.S. Government - U.S. House of Representatives - Correspondence 01		<b>Barcode No.</b>  1780990		
<b>Document Date</b> 02 October, 1987	<b>Document Type</b> Letter			
<b>Correspondents / Participants</b> To: Conable, President, From: Austin J. Murphy, Member of Congress				
<b>Subject / Title</b> Harry D. Brock's IBRD Bond				
<b>Exception(s)</b> Personal Information				
<b>Additional Comments</b>		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td><b>Withdrawn by</b> Vlada Alenkina</td><td><b>Date</b> October 26, 2011</td></tr></table>	<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011
<b>Withdrawn by</b> Vlada Alenkina	<b>Date</b> October 26, 2011			



**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

**The World Bank**

Washington, D.C. 20433  
U.S.A.

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

① BRE-0/r  
② CP

November 11, 1987

Dear Jim:

I have received your letter addressed to Barber which will be brought to his attention when he returns from Asia.

In the meantime, I should like to express my appreciation for your supportiveness in entering into the Congressional Record Barber's statement to the World Resources Institute. Encouragement from friends in Congress helps to create an environment for the Bank's goals in the developing world to be accomplished.

Best wishes.

Sincerely,



J. William Stanton  
Counselor to the President

The Honorable James H. Scheuer  
U.S. House of Representatives  
Washington, D.C. 20515

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

*JLM*

CORRESPONDANCE DATE : 87/11/04 DUE DATE : 00/00/00  
LOG NUMBER : 871109012 FROM : James H. Scheuer, MO  
SUBJECT : World RFesources Inst. has been entered into the  
Congressional Record  
OFFICE ASSIGNED TO FOR ACTION : Mr. B. Conable (E-1227) *2 JWS*

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
*✓* \_\_\_\_ PLEASE PREPARE RESPONSE FOR *JWS* SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : JWS to prepare letter of response while BBC is out of the country.

2466 RAYBURN HOUSE  
OFFICE BUILDING  
WASHINGTON, DC 20515  
TELEPHONE: (202) 225-5471

DISTRICT OFFICES:  
137-08 NORTHERN BLVD.  
FLUSHING, NY 11354  
TELEPHONE: (718) 445-8770

708 LYDIG AVE. #203  
BRONX, NY 10462  
TELEPHONE: (212) 823-6512  
NASSAU: (516) 466-3939

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

**JAMES H. SCHEUER**  
8TH DISTRICT, NEW YORK

COMMITTEE ON SCIENCE,  
SPACE, AND TECHNOLOGY

CHAIRMAN, SUBCOMMITTEE ON  
NATURAL RESOURCES, AGRICULTURE  
RESEARCH AND ENVIRONMENT

COMMITTEE ON ENERGY AND  
COMMERCE

JOINT ECONOMIC COMMITTEE

CHAIRMAN, SUBCOMMITTEE ON  
EDUCATION AND HEALTH

SELECT COMMITTEE ON  
NARCOTICS ABUSE AND CONTROL  
CONGRESSIONAL CLEARINGHOUSE  
ON THE FUTURE

CO-CHAIRMAN

November 4, 1987

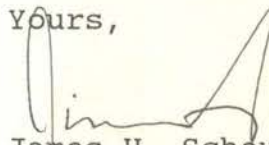
The Honorable Barber B. Conable  
President, The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20037

Dear Barber,

Your address to the World Resources Institute on the sustainable use of environmental resources was excellent. I took the liberty to enter your statement into the Congressional Record. Enclosed is a copy for your information.

With every warm best wish,

Yours,



James H. Scheuer  
Member of Congress

Vol. 133

WASHINGTON, WEDNESDAY, OCTOBER 28, 1987

No. 170

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# Congressional Record



United States  
of America

PROCEEDINGS AND DEBATES OF THE 100<sup>th</sup> CONGRESS, FIRST SESSION

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United States  
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Printing Office  
SUPERINTENDENT  
OF DOCUMENTS  
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United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 100<sup>th</sup> CONGRESS, FIRST SESSION

Vol. 133

WASHINGTON, WEDNESDAY, OCTOBER 28, 1987

No. 170

## Senate

(Legislative day of Friday, October 16, 1987)

The Senate met at 9:40 a.m., on the expiration of the recess, and was called to order by the Honorable RICHARD C. SHELBY, a Senator from the State of Alabama.

### PRAYER

The Reverend R.C. Halverson, Jr., Chesterbrook Presbyterian Church, Falls Church, VA, offered the following prayer:

Let us pray together.

Father in heaven, we know that You are a sovereign God who watches over men and nations. And Your plans for us are ultimately for good in spite of the apparent setbacks we face.

Therefore, we pray that You will perfectly guide the destiny of the Chaplain of the Senate who now rests in the hospital to undergo a minor diagnostic treatment for his heart. Return him soon, that he may continue to work here, in these crucial days, as a representative from the kingdom of heaven.

Likewise, we pray for our Nation. In recent days we have felt tremors and pains from the very heart of our country, that tell us something is wrong. Help us to wisely heed these warnings. And grant us the godly discernment to probe the soul of this land and to apply the prescription of righteousness, humility and prayer, which You have promised will heal and establish us.

We pray this in the name of Christ, the Great Physician. 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. STENNIS].

The assistant legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, October 28, 1987.

To the Senate:

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

JOHN C. STENNIS,  
President pro tempore.

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

### RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The acting Democratic leader is recognized.

### ORDER OF PROCEDURE

Mr. SANFORD. Mr. President, I want to yield 5 minutes to the Senator from Wisconsin, who has asked for time and is not here, and 5 minutes to the senior Senator from Washington, who is not here. They both asked for time. Until they arrive, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The acting Democratic leader has suggested the absence of a quorum. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SANFORD. I yield 5 minutes to the Senator from Wisconsin.

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

Mr. PROXMIRE. Mr. President, I thank my good friend, the distinguished acting majority leader.

### WHAT \$1 TRILLION FOR STAR WARS REALLY MEANS

Mr. PROXMIRE. Mr. President, in all of our discussions of the strategic defense initiative [SDI] or star wars, we never seem to make progress with our most conservative antispending brethren here in the Senate about the immense cost of this project. As I have argued on this floor many times, three former Defense Secretaries have recently testified to the Appropriations Defense Subcommittee that costs of creating the SDI that would fulfill the goal set by President Reagan would add up to \$1 trillion. Somehow this body has become so jaded in talking about millions and billions and trillions that the trillion dollar figure does not make any impression. Even when we point out that the \$1 trillion would have to come from our constituents in taxes, we get no reaction. And few Senators seem impressed by the fact that only a tiny number of States—five to be exact—receive in return in SDI spending in their State as much or more than they pay to the Federal Government in taxes for the SDI project on the basis of star wars expenditures to date.

Recently the Shawano, WI, Evening Leader carried an excellent editorial on the subject in which they quoted the well-known peace activist, William Sloane Coffin, Jr., on what \$1 trillion really means. It was a striking exposition of what the Congress would do if it were to proceed with the full deployment of SDI. Just listen:

For one trillion dollars, you could build a \$75,000 house, place it on \$5,000 worth of land, furnish it with a \$10,000 car in the garage . . . and give all this to each and every family in Kansas, Missouri, Nebraska, Oklahoma, Colorado and Iowa. Having done this you would still have enough left to build a \$10 million hospital and a \$10 million library for each of 250 cities and towns throughout the six state region. After having done all of that, you would still have enough left out of the trillion to put aside,

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



at 10 percent interest, a sum of money that would pay a salary of \$25,000 per year for an army of 10,000 nurses, the same salary for an army of 10,000 teachers, and an annual cash allowance of \$5,000 for each and every family throughout that six state region—not for just one year—but forever.

Mr. President, I hope my 12 good friends, the Senators from each of these 6 States, will note what a bonanza their constituents could be missing to fund star wars. The SDI project if carried out would constitute the most radical and painful economic dislocation of our economy in memory. It would mean in my State of Wisconsin our share of the taxes to pay for \$1 trillion SDI would be a crushing \$20 billion. We would get nothing or practically nothing back in the way of SDI employment of any kind in Wisconsin.

Some might argue that the Congress would not raise taxes to pay for SDI, it would do what comes naturally. It would pay for it by borrowing the money. Why not? We pay for much of our expenditures now by deficit spending. Here is why this would save us nothing in the not very long run. One trillion dollars added to the national debt would have two sure effects. It would impose an interest burden in the neighborhood of \$100 billion each and every year to service the additional debt. No. 2, it would surely tend to increase interest rates because the \$1 trillion would add greatly to the demand for credit, and therefore the price of credit. Of course, the Federal Reserve Board could accommodate this borrowing in the short run by simply increasing the supply of credit. But such a policy would be inflationary after a year or two and then the rising prices would swiftly do what rising prices always do, they would raise interest rates.

Of course, there is one other conspicuous alternative. Congress could take the \$1 trillion out of other military spending. Since star wars would take perhaps 10 or 15 years to fully deploy, the cost in each of the 10 or 15 years of completing the whole project might be something like \$75 to \$100 billion in 1987 dollars. Former Secretary of Defense Harold Brown is probably the most expert witness our committee heard on this subject. Brown has been not only Defense Secretary but also the director of the Livermore Lab in California where much of the SDI technology has been developed. He is a world-class physicist. Brown testified that the annual cost—each and every year—for maintenance, operation, and modernization, once SDI is fully deployed, would be between \$100 and \$200 billion each year in perpetuity—that is, forever and in 1986 dollars. Suppose we take that out of our military budget. Consider the consequences if the Congress took \$150 billion annually from the rest of the military budget. It would mean we would cut everything else in half—cut our Navy in half, our Army in half, our Air Force in half, bring

back half our troops from Europe disband half our National Guard and Reserve. This would mean a unilateral savaging of our military forces that would constitute the worst national security disaster for our country in this century.

So we cannot escape the grim fact that if we are to have SDI, we will have to pay for it. And that payment will constitute the worst economic dislocation in our country since the Great Depression.

#### GOV. TERRY SANFORD

Mr. PROXMIER. Mr. President, I would like to say a word about the Senator from North Carolina. I just discovered the other day that the Senator from North Carolina was picked by a group at Harvard University, on the basis of very careful consideration, as 1 of the 10 best Governors in this century. He was considered as 1 of the 10 best with Bob La Follette from my State, a man that we, of course, greatly honor in Wisconsin. He is the greatest political figure Wisconsin has ever had. But Terry Sanford served as a remarkable Governor of North Carolina.

I did not realize that until I got the data from a person who had worked on the Duke University faculty and who told me what a real gem we have in Terry Sanford. Of course, I know that because, as the Presiding Officer also knows, we serve together on the Banking Committee and therefore as in so many other areas, Senator SANFORD has shown his real quality and ability.

It is a great honor and pleasure to have a chance to serve with him. That is another reason I am so grateful to him that he yielded 5 minutes to me this morning.

Mr. President, I yield the floor.

Mr. SANFORD. I must thank my good friend, obviously good friend, from Wisconsin for his kind, if not somewhat exaggerated words. I thank the Senator very much.

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. EVANS addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

#### THE FINANCIAL CRISIS

Mr. EVANS. Mr. President, about 10 days ago, we all nervously witnessed an unprecedented stock market collapse, and we have been following the market with interest each day since, not only as Senators but as citizens of the United States.

We have heard many reasons why the market has collapsed or why it has gone down so precipitously. One of the best and shortest answers I have received came from my young son, Dan, Jr., who is a beginning stock broker at Kidder-Peabody in Seattle. He, like many other young stock brokers, is going through the baptism of fear, like many in the financial community have gone through for the first time. They have not seen the kind of problems that they are now experiencing. He sent me a short message from Mr. William Gillard, director of investment policy for Kidder-Peabody. In order for the economy to recover, Gillard identifies the 10 fallen dominoes which he says must be righted:

First, the stock market collapse, which was set off by; second, a weakened bond market, which was hurt by; third, a declining dollar, which reflects; fourth, the U.S. trade deficit, bogged down by; fifth, inadequate U.S. competitiveness, resulting in part from; sixth, a weakness in capital expenditures; a symptom of; seventh, too high a capital expenditure hurdle rate, reflecting; eighth, too high a cost of capital for U.S. business, because of; ninth, too high real interest rates, which stem from the root cause; 10th, the U.S. budget deficit.

I think that is a clear, concise, and virtually complete description of the problems we face. It is probably not accurate to place the blame on the budget deficit in total but it has created a weak economic foundation for us where the uneasiness throughout the country is translated with the first whisper or breath of problems into financial catastrophe.

I recall my first budget debate on this floor in 1984. I enthusiastically supported a proposal offered by Senators KASSEBAUM, GRASSLEY, and BIDEN, the so-called KGB freeze. We promised at the time that if everyone would sacrifice and share equally in the burden we could solve the deficit problem. We are still unfortunately offering promises. I am gratified that the President and the leadership of both Houses of Congress are getting together, and that they are working hard toward a budget solution.

Mr. President, to those who are working on this solution, the time now is to be bold and decisive, to be bipartisan or nonpartisan, to develop for all of us in this body and in the other body a package, one which we can deal with as a unity rather than placing before us a piece-by-piece solution subject to the status quo—the every day adding and subtracting of amendments to everyone's favorite cause. I hope we will be bolder than some have so far suggested.

The President said that everything was on the table except Social Security. I think everything must be on the table. It is time we had the courage to put together a package that probably should start with a freeze, a freeze in



defense spending, a freeze in discretionary nondefense spending, and a freeze in entitlement programs.

I have talked to a good many people representing senior citizen organizations and senior citizens themselves who say: "Look, we don't want to give up the cost-of-living adjustments; but if everyone else does, if everyone is involved in the solution, we are prepared to do our share."

Mr. President, I think if we begin there, if we begin with a substantial freeze, and then, and only then, look to new revenues, we can convince the people of this country and convince the President, himself, that taxes will be utilized to further reduce budget deficits and not just to finance additional spending.

If there is a two-pronged approach to the problems we face economically, and the budget deficit is first, then, second, I think we ought to take the additional steps necessary to ensure a continued strong economy and to make us more competitive internationally.

In July of this year, I attended the National Academy of Sciences Conference on Science, Technology, and Competitiveness in Massachusetts, where a number of experts convincingly described the many obstacles confronting our research and development efforts and suppressing our ability to compete internationally.

A number of revisions to our Tax Code were identified that could enhance our competitive edge, such as the adoption and expansion of the permanent R&D tax credit as well as creating incentives for providing more and better education. However, Mr. President, there was near unanimity that strong tax incentives for taxpayers to invest in capital is the best move we can make—restoring capital gains.

Each time Congress reversed course and cut the tax rate on capital gains as in 1979 and 1981, Mr. President, it not only moderated the tax bite but also generated a new spirit, one more hospitable to business enterprise.

Mr. President, within the confines of the deficit reduction discussions currently underway, I have joined a number of my colleagues in urging the President to accept as a revenue-raiser the so-called 15-percent solution. According to the studies undertaken by Dr. Martin Feldstein and Harvard University Professor Lawrence Lindsey, an approximate capital gains rate of 15 percent would generate the maximum rate of revenue for the Federal Treasury over what is currently collected. They are estimating as much as \$8 billion in fiscal year 1988. Such a solution would not only help us reduce the Federal budget deficit but also provide a strong incentive for capital investment.

While I support that solution, I think we can do even better. I will introduce today, on behalf of myself and Senator Boschwitz, a capital gains tax program that, over a period of time,

depending on the length of time you hold an investment, would reduce the capital tax gains clear to zero.

The legislation would specifically allow taxpayers to pay 100 percent exclusion of capital gains for assets held for 5 years or longer, 60 percent exclusion for 3 years, and 40 percent for assets held for a 1 year period of time.

I am confident that such a proposal would make us more competitive. It would increase the availability of venture capital when we need it desperately. It also would put us in line with many of our most progressive trading partners, most of whom have no capital gains tax whatsoever.

I hope, as we look ahead to the programs which I deeply and devoutly hope will be bipartisan in nature, for a budget deficit resolution, we also at the same time take a look at a needed revision in our current tax structure to promote investment, to promote the kind of investment that will help continue to make America strong and competitive internationally.

#### RESTORATION OF CAPITAL GAINS THREE-TIERED DIFFERENTIAL

Mr. EVANS. Mr. President, I rise to introduce legislation that establishes a three-tiered capital gains rate differential.

I am pleased to be joined by Senator Boschwitz, who has been a leading proponent in restoring a capital gains rate and a strong advocate of a tax system which rewards those taxpayers who invest in the capital upon which our Nation's economic future is built.

Generally, this legislation would set corporate capital gains at the pre-Tax Reform Act of 1986 rate of 28 percent. It also establishes a three-tiered capital gains rate differential for individuals. Specifically, taxpayers could take a 100-percent exclusion of net capital gain for assets held for 5 years or longer; 60 percent exclusion for assets held for 3 years; and 40 percent exclusion for assets held for a 1-year period of time.

Mr. President, I supported the Tax Reform Act of 1986 [TRA] because it was good for the American worker. The TRA cut individual tax rates by unprecedented amounts. When taxpayers can keep 72 cents of every dollar earned as opposed to 50 cents under pre-1986 law, they will have an incentive to become more productive in addition to having greater opportunities for saving, investment, and consumption.

However, while Congress was focused on helping the individual taxpayer, we lost sight of the critical goal of enhancing the competitiveness of corporate America. The major culprit—the loss of preferential treatment for capital gains.

I am concerned that the loss of such preferential treatment will make us less competitive. It will reduce the amount of venture capital available to

help finance new businesses which create new jobs and new technology and undertake new research and development. Many innovative but relatively risky projects might not go forward. In the past, people who were successful in risky ventures—those who invested ideas and effort and those who put up the funds—could escape the full bite of income tax. Under the terms of the Tax Reform Act of last year, these risk-takers get no preferential treatment.

Our international competitors understand the importance of capital gains. According to the American Council for Capital Formation, 11 industrialized countries including Japan, Taiwan, West Germany, Hong Kong, Italy, and South Korea impose no taxes on long-term capital gains.

In July of this year, I attended the National Academy of Sciences Conference on Science, Technology and Competitiveness in Massachusetts, where a number of experts convincingly described the many obstacles confronting our research and development efforts and suppressing our ability to compete internationally.

A number of revisions to our Tax Code were identified that could enhance our competitive edge, such as the adoption and expansion of the permanent R&D tax credit as well as creating incentives for providing more and better education. However, Mr. President, there was near unanimity that strong tax incentives for taxpayers to invest in capital is the best move we can make. Among the experts, the concept of a three-tiered capital gains rate differential garnered much support.

Each time Congress reversed course and cut the tax rate on capital gains as in 1979 and 1981, Mr. President, it not only moderated the tax bite but also generated a new spirit, one more hospitable to business enterprise.

Mr. President, within the confines of the deficit reduction discussions currently underway, I have joined a number of my colleagues in urging the President to accept as a revenue-raiser the so-called 15-percent solution. According to the studies undertaken by Dr. Martin Feldstein and Harvard University Prof. Lawrence Lindsey, an approximate capital gains rate of 15 percent would generate the maximum rate of revenue for the Federal Treasury over what is currently collected. Such a solution would not only help us reduce the Federal budget deficit but also provide a strong incentive for capital investment.

It is my hope that we will then take the next, and what I believe is a more significant step—a three-tiered capital gains policy. Such a proposal that will help us to rebuild our capital foundation and result in a more stable economy, a more reliable flow of long-term venture capital, and American entrepreneurs who continue to lead the pack in innovation and ingenuity.



Mr. President, I ask unanimous consent that a description of the legislation's provisions be printed in the RECORD immediately before the printed text of the bill.

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

LEGISLATION TO ESTABLISH CAPITAL GAINS  
PHASE-IN

DESCRIPTION OF PROVISIONS

Section 1

Restores corporate and individual capital gains tax treatment repealed by the Tax Reform Act of 1986 (TRA).

Individual capital gains made subject to the exclusions established under the provisions of this bill.

Generally, corporate capital gains set at 28% rate (pre-TRA of 1986). Also, timber capital gains are reinstated.

Section 2

(a): Generally, allows 100% exclusion of net capital gain for assets held for 5-years or longer; 60% exclusion for assets held for 3-years; and 40% exclusion for assets held for a 1-year period.

The method of calculation prevents the possible double-counting of net gains or losses for assets held for various periods of time.

Example Calculation:

\$200 gain from 5-years assets;  
\$100 loss from 5-years assets;  
\$400 gain from 3-years assets;  
\$100 loss from 3-years assets;  
\$200 gain from 1 year assets; and  
\$100 loss from 1-year assets.  
(1)(A):  $(\$200 - \$100 + \$400 - \$100 + \$200 - \$100) = \$500$  gain, or (B):  $(\$200 - \$100) = \$100$  gain

$(\$100 \text{ gain}) \times (100\%) = \$100$  deduction  
(2)(A):  $(\$500 \text{ gain}) \text{ minus } \$100 = \$400$  gain  
or (B):  $(\$400 - \$100) = \$300$  gain  
 $(\$300 \text{ gain}) \times (60\%) = \$180$  deduction  
(3)(A):  $(\$500 \text{ gain})$ , minus (B):  $(\$100 \text{ gain} + \$300 \text{ gain}) = \$100$  gain  
 $(\$100 \text{ gain}) \times (40\%) = \$40$  deduction  
Total Deduction: \$320

(b): Defines assets that qualify for 5-year and 3-year net capital gains.

(c): Increases the holding period for capital gains from six months (established under Deficit Reduction Act of 1984) to one year.

(d): (1) Establishes "net capital gain" as subject to minimum tax calculations.

Retains provisions that excludes the gain from the sale and exchange of a principal residence from minimum tax calculations.

Retains provisions that excludes the gain resulting from farm insolvency transactions (e.g., Bankruptcy Court order farmer to sell assets to pay off creditors; gain from such sale is excluded from capital gains taxation).

(2) & (3) Subjects to capital gains taxation certain contributions or gifts that are granted in a fashion that avoids such tax assessment.

(e): Effective date—provisions apply to taxable years after December 31, 1986.

S. 1825

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RESTORATION OF CAPITAL GAINS DEDUCTION.

(a) IN GENERAL.—Subtitles A and B of title III of the Tax Reform Act of 1986 (relating to individual and corporate capital gains treatment) are hereby repealed.

(b) CONFORMING AMENDMENT.—The Internal Revenue Code of 1986 shall be applied and administered as if such subtitles A and

B (and the amendments made by such subtitles A and B) had not been enacted.

SEC. 2. AMOUNT OF DEDUCTION FOR CAPITAL GAINS BASED ON HOLDING PERIOD OF ASSET.

(a) IN GENERAL.—Subsection (a) of section 1202 of the Internal Revenue Code of 1986 (relating to deduction for capital gains) is amended to read as follows:

"(A) DEDUCTION ALLOWED.—If for any taxable year a taxpayer other than a corporation has a net capital gain, there shall be allowed as a deduction from gross income an amount equal to the sum of—

"(1) 100 percent of the lesser of—

"(A) the net capital gain, or

"(B) the qualified 5-year net capital gain,

plus

"(2) 60 percent of the lesser of—

"(A) the net capital gain, reduced by the amount taken into account under paragraph (1), or

"(B) the qualified 3-year net capital gain,

plus

"(3) 40 percent of the excess (if any) of—

"(A) the net capital gain, over

"(B) the sum of the amounts taken into account under paragraphs (1) and (2)."

(b) QUALIFIED 5-YEAR AND 3-YEAR NET CAPITAL GAIN.—Subsection (c) of section 1202 of the Internal Revenue Code of 1986 is amended to read as follows:

"(c) QUALIFIED 5-YEAR AND 3-YEAR NET CAPITAL GAIN.—For purposes of subsection (a)—

"(1) QUALIFIED 5-YEAR NET CAPITAL GAIN.—

The term "qualified 5-year net capital gain" means the amount of net capital gain determined for any taxable year by taking into account capital assets of the taxpayer with a holding period of at least 5 years at the time of the sale or exchange.

"(2) QUALIFIED 3-YEAR NET CAPITAL GAIN.—

The term "qualified 3-year net capital gain" means the amount of net capital gain determined for any taxable year by taking into account capital assets of the taxpayer with a holding period of at least 3 years but less than 5 years at the time of the sale or exchange."

(c) INCREASE IN HOLDING PERIOD REQUIRED FOR LONG-TERM CAPITAL GAIN TREATMENT.—

Subsection (e) of section 1001 of the Deficit Reduction Act of 1984 is amended by striking out "1988" and inserting in lieu thereof "1987".

(d) CONFORMING AMENDMENTS.—

(1) Section 57(a) of the Internal Revenue Code of 1986 (relating to items of tax preference) is amended by adding at the end thereof the following new paragraph:

"(8) CAPITAL GAINS.—

"(A) INDIVIDUALS.—In the case of a taxpayer other than a corporation, an amount equal to the net capital gain deduction for the taxable year determined under section 1202.

"(B) PRINCIPAL RESIDENCE.—For purposes of subparagraph (A), gain from the sale or exchange of a principal residence (within the meaning of section 1034) shall not be taken into account.

"(C) SPECIAL RULE FOR CERTAIN INSOLVENT TAXPAYERS.—

"(i) IN GENERAL.—The amount of the tax preference under subparagraph (A) shall be reduced (but not below zero) by the excess (if any) of—

"(I) the applicable percentage of gain from any farm insolvency transaction, over

"(II) the applicable percentage of any loss from any farm insolvency transaction which offsets such gain.

"(ii) REDUCTION LIMITED TO AMOUNT OF INSOLVENCY.—The amount of the reduction determined under clause (i) shall not exceed the amount by which the taxpayer is insolvent immediately before the transaction (re-

duced by any portion of such amount previously taken into account under this clause).

"(iii) FARM INSOLVENCY TRANSACTION.—For purposes of this subparagraph, the term 'farm insolvency transaction' means—

"(I) the transfer by a farmer of farmland to a creditor in cancellation of indebtedness, or

"(II) the sale or exchange by the farmer of property described in subclause (I) under the threat of foreclosure,

but only if the farmer is insolvent immediately before such transaction.

"(iv) INSOLVENT.—For purposes of this subparagraph, the term 'insolvent' means the excess of liabilities over the fair market value of assets.

"(v) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the term 'applicable percentage' means that percentage of net capital gain with respect to which a deduction is allowed under section 1202(a).

"(vi) FARMLAND.—For purposes of this subparagraph, the term 'farmland' means any land used or held for use in the trade or business of farming (within the meaning of section 2032A(e)(5)).

"(vii) FARMER.—For purposes of this subparagraph, the term 'farmer' means any taxpayer if 50 percent or more of the average annual gross income of the taxpayer for the 3 preceding taxable years is attributable to the trade or business of farming (within the meaning of section 2032A(e)(5))."

(2) Subparagraph (B) of section 170(e)(1) of such Code (relating to certain contributions of ordinary income and capital gain property) is amended—

(A) by striking out "40 percent" and inserting in lieu thereof "100 percent minus the percentage described in paragraph (1), (2), or (3) of section 1202(a), whichever is applicable", and

(B) by striking out "2½%" and inserting in lieu thereof "2¼%".

(3) Paragraph (4) of section 691(c) of such Code (relating to deduction for estate tax) is amended by striking out "section 57(a)(9)" and inserting in lieu thereof "section 57(a)(8)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1986.

BUDGET ACT WAIVER

Mr. BYRD. Mr. President, the business for this morning is to proceed to S. 1184, a bill to amend the Airport and Airway Improvement Act. However, there is a budget resolution that has to be adopted first.

Within the last 5 minutes, I have learned that a Senator wants a rollcall vote on the budget resolution waiving the Congressional Budget Act, and that has to be done before going to the Airport and Airway Improvement Act.

Therefore, in order to save time, and not to have two rollcall votes, I ask unanimous consent that the Senate proceed now to the consideration of Senate Resolution 242, the resolution waiving the Congressional Budget Act. The PRESIDING OFFICER (Mr. GRAHAM). The resolution will be stated by title.

The assistant legislation clerk read as follows:

A resolution (S. Res. 242) waiving section 303(a) of the Congressional Budget Act with respect to the consideration of S. 1184.



The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to the consideration of the resolution.

Mr. BYRD, Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD, Mr. President, this will be a 30-minute rollcall vote. I believe the call for the regular order is automatic at the expiration of 30 minutes.

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

The assistant legislation clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Connecticut [Mr. Dodd], the Senator from Tennessee [Mr. Gore], and the Senator from Illinois [Mr. Simon] are necessarily absent.

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

The result was announced, yeas 92, nays 5, as follows:

[Rollcall Vote No. 354 Leg.]

#### YEAS—92

Adams	Garn	Nickles
Armstrong	Glenn	Nunn
Baucus	Graham	Packwood
Bentsen	Gramm	Pell
Biden	Harkin	Pressler
Bingaman	Hatch	Proxmire
Bond	Hatfield	Pryor
Boren	Hecht	Quayle
Boschwitz	Heinz	Reid
Bradley	Hollings	Riegle
Breaux	Humphrey	Rockefeller
Bumpers	Inouye	Roth
Burdick	Johnston	Rudman
Byrd	Karnes	Sanford
Chafee	Kassebaum	Sarbanes
Chiles	Kennedy	Sasser
Cochran	Kerry	Shelby
Cohen	Lautenberg	Simpson
Conrad	Leahy	Specter
Cranston	Levin	Stafford
D'Amato	Lugar	Stennis
Danforth	Matsunaga	Stevens
Daschle	McCain	Symms
DeConcini	McClure	Thurmond
Dixon	McConnell	Trible
Dole	Melcher	Wallop
Domenici	Metzenbaum	Warner
Durenberger	Mikulski	Weicker
Evans	Mitchell	Wilson
Exon	Moynihan	Wirth
Ford	Murkowski	

#### NAYS—5

Fowler	Heflin	Kasten
Grassley	Helms	

#### NOT VOTING—3

Dodd	Gore	Simon
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So the resolution (S. Res. 242) was agreed to, as follows:

#### S. Res. 242

*Resolved*, That pursuant to section 303(c) of the Congressional Budget Act of 1974, the provisions of section 303(a) of such Act are waived with respect to the consideration of S. 1184 at the levels of budget authority and outlays reported by the Committee on Commerce, Science, and Transportation. Such waiver is necessary because S. 1184 provides new budget authority for a fiscal

year for which the concurrent resolution on the budget has not been agreed to, in accordance with section 301 of such Act.

#### AIRPORT AND AIRWAY CAPACITY EXPANSION ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 1184, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1184) to amend the Airport and Airway Improvement Act of 1982 to improve the safety and efficiency of air travel, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation, with amendments, as follows:

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

#### S. 1184

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Act may be cited as the "Airport and Airway Capacity Expansion Act of 1987".

Sec. 2. Section 502(a) of the Airport and Airway Improvement Act of 1982 (hereinafter referred to as "the Act") (49 App. U.S.C. 2201(a)) is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively;

(2) by inserting after paragraph (6) the following:

["(7) "(7) cargo hub airports play a critical role in the movement of commerce through the airport and airway system, and appropriate provisions should be made to facilitate the development and enhancement of such hub airports;"

(3) by striking "and" at the end of paragraph (9), as so redesignated;

(4) by striking the period at the end of paragraph (10), as so redesignated, and inserting in lieu thereof "; and"; and

(5) by adding at the end thereof the following:

["(11) airport construction and improvement projects which increase the capacity of facilities to accommodate passenger and cargo traffic, thereby increasing safety and efficiency and reducing delays, should be undertaken to the maximum feasible extent."]

Sec. 3. Section 503(a) of the Act (49 App. U.S.C. 2202(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (B), by striking "or" at the end of clause (iv), by striking "and" at the end of clause (v) and inserting in lieu thereof "or", and by adding at the end the following:

["(vi) common-use, centralized cargo inspection facilities and equipment located at an airport for the exclusive purpose of inspecting air cargo, including facilities and equipment provided for or required by the Federal inspection services; and"; and

(B) by inserting immediately before the period at the end of subparagraph (C) the following: "or any land included within an unacceptably high level noise contour and identified on a current or projected noise contour map determined acceptable by the Secretary";

(2) by redesignating paragraphs (5) through (24) as paragraphs (6) through

(25), respectively, and by inserting immediately after paragraph (4) the following:

["(5) 'Cargo hub airport' means a public airport that receives in excess of 100 million pounds landed weight of all-cargo aircraft on an annual basis, as determined by the Secretary."]

(3) in paragraph (12), as so redesignated, by striking all after "have" and inserting in lieu thereof the following: "more than 10,000 passengers enplaned annually.";

(4) in paragraph (13), as so redesignated, by (A) striking "development or" and inserting in lieu thereof "development," and (B) inserting immediately after "planning," the following: "or for carrying out noise compatibility programs or parts of such programs under section 104(c)(1) of the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2104(c)(1))."; and

(5) in paragraph (18), as so redesignated, by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting immediately after subparagraph (A) the following:

["(B) any cargo hub airport."]

Sec. 4. Section 504(d) of the Act (49 App. U.S.C. 2203(d)) is amended—

(1) by amending paragraph (2) to read as follows:

["(2)(A) The Secretary and the Secretary of Defense, in consultation with aviation users, shall jointly conduct a national review of the need and utilization of special use airspace with a view to determining its impact on civil aviation operations.

“(B) Within eighteen months after the date of enactment of the Airport and Airway Capacity Expansion Act of 1987, the Secretary and the Secretary of Defense shall report to the Congress the results of such review, together with their recommendations.”; and

(2) by striking paragraph (3).

Sec. 5. (a) Section 505(a) of the Act (49 App. U.S.C. 2204(a)) is amended—

(1) by inserting "(1)" immediately before "In order"; and

(2) by adding at the end the following:

“(2) The aggregate amounts which shall be available after September 30, 1987, to the Secretary for such grants and for grants for airport noise compatibility under the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2101 et seq.) shall be [\$6,864,700,000] \$6,716,700,000 for fiscal years ending before October 1, 1988; [\$8,564,700,000] \$8,416,700,000 for fiscal years ending before October 1, 1989; and [\$10,364,700,000] \$10,216,700,000 for fiscal years ending before October 1, 1990.”.

(b) Section 505(b) of the Act (49 App. U.S.C. 2204(b)) is amended by striking "September 30, 1987," and inserting in lieu thereof "September 30, 1990.".

(c) Section 505(c) of the Act (49 App. U.S.C. 2204(c)) is amended to read as follows:

“(c) AUTHORIZATION FOR LIQUIDATING APPROPRIATIONS.—There are to be appropriated from the Trust Fund, to remain available until expended, such sums as are necessary to liquidate obligations incurred under this section.”.

Sec. 6. (a) Section 506(a) of the Act (49 App. U.S.C. 2205(a)) is amended—

(1) by inserting "(1)" immediately after "EQUIPMENT.—";

(2) by striking "and" after "1986"; and

(3) by striking "1987," and inserting in lieu thereof the following: "1987; \$7,827,000,000 for the fiscal years ending before October 1, 1988; \$9,327,000,000 for the fiscal years ending before October 1, 1989; and \$11,077,000,000 for the fiscal years ending before October 1, 1990.".



(b) Section 506(b) of the Act (49 App. U.S.C. 2205(b)) is amended—

(1) by striking "and" immediately before "\$193,000,000"; and

(2) by striking the period at the end of the second sentence and inserting in lieu thereof the following: "; \$200,000,000 for fiscal year 1988 (of which not less than \$250,000 shall be made available for equipment designed to provide improved access by handicapped persons to commercial aircraft); and \$200,000,000 for fiscal year 1989; and \$225,000,000 for fiscal year 1990, of which not less than \$25,000,000 in each such year is authorized to be appropriated for research, engineering and development regarding airport capacity improvements."

(c) Section 506(c)(2) of the Act (49 App. U.S.C. 2205(c)(2)) is amended—

(1) by striking "and" after "1986"; and

(2) by striking "1987," and inserting in lieu thereof the following: "1987; and an amount not to exceed the amount made available for purposes of section 505 of this title for fiscal years 1988 through 1990."

(d) Section 506(d) of the Act (49 App. U.S.C. 2205(d)) is amended—

(1) by striking "and" after "1986"; and

(2) by striking "1987," and inserting in lieu thereof the following: "1987; \$30,000,000 for fiscal year 1988; \$30,000,000 for fiscal year 1989; and \$30,000,000 for fiscal year 1990."

(e) Section 506(e)(5) of the Act (49 App. U.S.C. 2205(e)(5)) is amended by striking "September 30, 1987" and inserting in lieu thereof "September 30, 1990."

Sec. 7. (a) Section 507(a)(1) of the Act (49 App. U.S.C. 2206(a)(1)) is amended by striking "(1) PRIMARY AIRPORTS.—" and inserting in lieu thereof "(1) PRIMARY AIRPORTS: PASSENGER ENPLANEMENTS.—"

(b) Section 507(a)(1)(B) is amended—

(1) by striking "1987," and inserting in lieu thereof "1990";

(2) by striking "and" after "1986"; and

(3) by striking "1987," and inserting in lieu thereof "1987, and 30 percent for each of the fiscal years 1988 through 1990."

(c) Section 507(a)(1)(C) of the Act (49 App. U.S.C. 2206(a)(1)(C)) is amended—

(1) by striking "\$200,000" and inserting in lieu thereof "\$300,000"; and

(2) by striking "\$12,500,000" and inserting in lieu thereof "\$16,000,000."

(d) Section 507(a)(1)(D) and (E) of the Act (49 App. U.S.C. 2206(a)(1)(D) and (E)) is amended by striking "50 percent" each place it appears and inserting in lieu thereof "38 percent."

(e)(1) Section 507(a) of the Act (49 App. U.S.C. 2206(a)) is amended—

(A) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively; and

(B) by inserting immediately after paragraph (1) the following:

"(2) PRIMARY [AIRPORTS] AIRPORTS: CARGO HUB AIRPORTS APPORTIONMENT.—In addition to funds to which any public airport may be entitled under any other provision of this title, and notwithstanding any other limitation on funding, a 3 percent share of the total amount authorized or available under section 505 of this title shall be set aside for distribution to cargo hub airports. Such distribution will be made by the Secretary on a pro rata basis, determined by calculating the total amount of all-cargo aircraft landed weight at all qualified cargo hub airports and establishing each qualified cargo hub airport's percentage share of such total amount. Each qualified cargo hub airport shall be entitled to that percentage of the total 3 percent share of the total amount authorized or available under section 505 of this title for any fiscal year."

(2) Section 507(a)(3) of the Act, as so redesignated, is amended by striking "October

1, 1987" and inserting in lieu thereof "October 1, 1990".

(3) Section 507(a)(4)(A) of the Act, as so redesignated, is amended by striking "and (4)" and inserting in lieu thereof "(3), and (5)".

(4) Section 507(a)(5) of the Act, as so redesignated, is amended by striking "[Paragraph] 'paragraph (3)' and inserting in lieu thereof 'paragraph (4)'".

(f) Section 507 of the Act (49 App. U.S.C. 2206) is amended by adding at the end the following:

"(c) CARGO HUB AIRPORT CALCULATIONS.—For purposes of determining the pro rata apportionment for any fiscal year under subsection (a)(2) of this section, the total all-cargo aircraft landed weight at an airport shall be based on the all-cargo aircraft landed weight for the preceding calendar year."

(g) Section 509(e) of the Act (49 App. U.S.C. 2208(e)) is amended by striking "section 507(a)(1)" and inserting in lieu thereof "section 507(a)(1) and (2)".

Sec. 8. (a) Section 508(a) of the Act (49 App. U.S.C. 2207(a)) is amended—

(1) by striking "or (4)" and inserting in lieu thereof "(3), or (5)"; and

(2) by striking "507(a)(3)" and inserting in lieu thereof "507(a)(4)".

(b) Section 508(c) of the Act (49 App. U.S.C. 2207(c)) is amended by striking "507(a)(2)" each place it appears and inserting in lieu thereof "507(a)(3)".

(c) Section 508(d) of the Act (49 App. U.S.C. 2207(d)) is amended—

(1) by adding at the end of paragraph (1) the following: "Of such amount, \$300,000 shall annually be apportioned to each primary reliever airport and be available for obligation in the fiscal year during which it was first authorized to be obligated and the succeeding fiscal year. For purposes of this paragraph, a 'primary reliever airport' is a reliever airport having the function of relieving congestion at a pacing airport, as determined by the Secretary, which (A) if located within 50 miles of a pacing airport, has 100,000 annual itinerant operations or 125,000 total annual operations and has 200 based aircraft, or (B) if located more than 50 miles from a pacing airport, has 25,000 annual itinerant operations, 150,000 total annual operations, 300 based aircraft, an air traffic control tower, and a published instrument approach."

(2) in paragraph (2), (A) by striking "8 percent" and inserting in lieu thereof "10 percent"; (B) by striking "(A)"; and (C) by striking all from "section 104(c)" and inserting in lieu thereof "section 104(c)(1) of such Act."

(3) in paragraph (3), (A) by striking "5.5 percent" each place it appears and inserting in lieu thereof "2 percent"; and (B) by striking "paragraph (4)" and inserting in lieu thereof "paragraph (5)"; and

(4) by redesignating paragraph (5) as paragraph (6), and inserting after paragraph (4) the following:

"(5) Not less than \$250,000,000 shall be made available under section 505 for any fiscal year to be distributed to primary airports and their reliever airports for improvements which increase the capacity of facilities to accommodate passenger and cargo traffic, thereby increasing safety and efficiency and reducing delays."

Sec. 9. Section 512 of the Act (49 App. U.S.C. 2211) is amended—

(1) in subsection (a), by striking "507(a)(1)" and inserting in lieu thereof "507(a)(1) and (2)";

(2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(3) by inserting immediately after subsection (a) the following:

"(b) AIRPORT DEVELOPMENT ALREADY ACCOMPLISHED.—The Secretary may approve a project grant application and make a grant to reimburse a sponsor for airport development already accomplished by the sponsor (including project formulation costs) at a primary or reliever airport if—

"(1) the airport development for which reimbursement is requested will result in a significant enhancement of systemwide capacity;

"(2) before the development was begun, the sponsor notified the Secretary of its intent to carry out the development and request reimbursement subsequent to accomplishment of the development; and

"(3) before the development was begun, the sponsor provided the Secretary with sufficient information to enable the Secretary to assure that the development would be carried out in accordance with all applicable statutory and administrative requirements imposed on sponsors in connection with projects funded under this title, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)."

Sec. 10. Section 513(b) of the Airport and Airway Improvement Act of the Act (49 App. U.S.C. 2212(b)) is amended—

(1) in paragraph (2), (A) by striking "Not more than the greater of (A) \$200,000, or (B) 60 percent of the" and inserting in lieu thereof "The"; and (B) by striking "section 507(a)(3)" and inserting in lieu thereof "section [507(a)(4)]. 507(a)(4)";

(2) by striking paragraph [(5).] (5); and

(3) by redesignating paragraph (6) as paragraph (5).

Sec. 11. Section 519 of the Act (49 App. U.S.C. 2218) is amended by adding at the end the following: "The Secretary shall propose implementing regulations with respect to the airport grant program authorized by this Act, receive and consider public comment (including possible amendments to sponsor assurances to be included in grant agreements), and promulgate final regulations not later than one year after the date of enactment of the Airport and Airway Capacity Expansion Act of 1987."

Sec. 12. Section 529 of the Act (49 App. U.S.C. 2225) is amended by striking "October 1, 1987" and inserting in lieu thereof "October 1, 1990".

[Sec. 13. The Secretary of Transportation shall make permanent the low activity (VFR) Level I air traffic control tower contract program established under section 528 of the Airport and Airway Improvement Act of 1982 (49 App. U.S.C. 2222).

[Sec. 14. (a) Not later than September 30, 1988, the Federal Aviation Administration shall hire not less than 1,000 air traffic controllers in addition to the total air traffic controller work force level specified in Public Law 99-591.

[(b) The additional air traffic controllers hired pursuant to subsection (a) of this section shall not include air traffic assistants.]

[Sec. 15.] Sec. 13. The Act (49 App. U.S.C. 2201 et seq.) is amended by adding at the end the following:

"SEC. [32.] 533. DENIAL OF FUNDS FOR CERTAIN PROJECTS.

"(a) IN GENERAL.—

"(1) No funds provided under this Act may be used to fund any project which uses any product or service of a foreign country during any period in which such foreign country is listed by the United States Trade Representative under subsection (c) of this section.

"(2) Paragraph (1) of this subsection shall not apply with respect to the use of a prod-



uct or service in a project if the Secretary determines that—

"(A) the application of paragraph (1) to such product, service, or project would not be in the public interest;

"(B) products of the same class or kind as such product or service are not produced or offered in the United States, or in any foreign country that is not listed under subsection (c) of this section, in sufficient and reasonably available quantities and of a satisfactory quality; or

"(C) exclusion of such product or service from the project would increase the cost of the overall project contract by more than 20 percent.

"(b) DETERMINATIONS.—

"(1) By no later than the date that is 30 days after the date on which each report is submitted to the Congress under section 181(b) of the Trade Act of 1974 (19 U.S.C. 2241(b)), the United States Trade Representative shall make a determination with respect to each foreign country of whether such foreign country—

"(A) denies fair and equitable market opportunities for products and supplies of the United States in procurement; or

"(B) denies fair and equitable market opportunities for United States bidders,

for construction projects that cost more than \$500,000 and are funded (in whole or in part) by the government of such foreign country.

"(2) In making determinations under paragraph (1) of this subsection, the United States Trade Representative shall take into account information obtained in preparing the report submitted under section 181 of the Trade Act of 1974 and such other information as the United States Trade Representative considers to be relevant.

"(c) LISTING OF FOREIGN COUNTRIES.—

"(1) The United States Trade Representative shall maintain a list of each foreign country with respect to which an affirmative determination is made under subsection (b) of this section.

"(2) Any foreign country that is added to the list maintained under paragraph (1) of this subsection shall remain on the list until the United States Trade Representative determines that such foreign country does permit the fair and equitable market opportunities described in subsection (b)(1) (A) and (B) of this section.

"(3) The United States Trade Representative shall annually publish in the Federal Register the entire list required under paragraph (1) of this subsection and shall publish in the Federal Register any modifications to such list that are made between annual publications of the entire list.

"(d) DEFINITIONS.—For purposes of this section—

"(1) Each foreign instrumentality, and each territory or possession of a foreign country, that is administered separately for customs purposes shall be treated as a separate foreign country.

"(2) Any article that is produced or manufactured (in whole or in substantial part) in a foreign country shall be considered to be a product of such foreign country.

"(3) Any service provided by a person that is a national of a foreign country, or is controlled by nationals of a foreign country, shall be considered to be a service of such foreign country."

SEC. 14. The Act (49 App. U.S.C. 2201 et seq.), as amended by this Act, is further amended by adding at the end the following:

"SEC. 534. CONTRACTING FOR ENGINEERING AND DESIGN SERVICES.

"Each contract or subcontract for program management, construction management, planning studies, feasibility studies,

preliminary engineering, design, architectural, engineering, surveying, mapping or related services with respect to a project or program authorized, reauthorized or otherwise funded under this title shall be awarded in the same manner as the selection procedures in title IX of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 541 et seq.) as in effect on the date of enactment of this section or an equivalent qualifications-based requirement prescribed for or by the procuring agency."

SEC. 15. The Act (49 App. U.S.C. 2201 et seq.), as amended by this Act, is further amended by adding at the end the following:

"SEC. 535. STATE BLOCK GRANT PILOT PROGRAM.

"(a) PROMULGATION OF REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to implement a State block grant pilot program to become effective on October 1, 1989. Such program shall expire on September 30, 1991.

"(b) ASSUMPTION OF CERTAIN RESPONSIBILITIES.—Such regulations shall provide that the Secretary may designate not more than 5 qualified States to assume administrative responsibility for all airport grant funding available under this title, other than funding which has been designated for use at primary airports.

"(c) SELECTION.—The Secretary shall select States for participation in such program on the basis of applications submitted to the Secretary. The Secretary shall select any such State only if the Secretary determines that the State—

"(1) has an agency or organization capable of administering effectively any block grant made under this section;

"(2) uses a satisfactory airport system planning process;

"(3) uses a programming process acceptable to the Secretary;

"(4) has agreed to comply with Federal procedural and other standard requirements for administering any such block grant; and

"(5) has agreed to provide the Secretary with such program information as the Secretary may require.

Before determining that any planning process is satisfactory or any programming process is acceptable, the Secretary shall ensure that such process provides for meeting critical safety and security needs, and that the programming process ensures that the needs of the national airport system will be addressed in deciding to which projects funds will be provided.

"(d) REPORT.—The Secretary shall conduct an ongoing review of the program established under this section, and shall, not later than 90 days before its scheduled termination, report to the Congress the results of such review, together with recommendations for further action relating to the program."

SEC. 16. The Secretary of Transportation shall make permanent the low activity (VFR) Level I air traffic control tower contract program established under section 526 of the Airport and Airway Improvement Act of 1982 (49 App. U.S.C. 2222).

SEC. 17. (a) Not later than September 30, 1988, the Federal Aviation Administration shall hire not less than 1,000 air traffic controllers in addition to the total air traffic controller work force level specified in Public Law 99-591.

(b) The additional air traffic controllers hired pursuant to subsection (a) of this section shall not include air traffic assistants.

SEC. 18. (a) It is the intention of the Congress that the authority of the Secretary of Transportation to make grants under section 104(c)(2) of the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2104(c)(2)) to airport operators to imple-

ment noise compatibility programs that were developed prior to the promulgation of implementing regulations under such Act if the Secretary determines that such programs would further the purposes of such Act shall continue until such programs are fully implemented, notwithstanding any other provision of law and any rule or regulation promulgated pursuant to any other provision of law.

(b) In order to carry out the intent specified in subsection (a) of this section, grants may continue to be made under section 104(c)(2) of the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2104(c)(2)) for noise compatibility programs or projects previously approved under such program, if—

(1) the operator of the airport involved submits updated noise exposure contours, as required by the Secretary; and

(2) the Secretary determines that such programs or projects are compatible with the purposes of such Act.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I ask unanimous consent we might file a 302(b) allocation to this bill.

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

Mr. FORD. Mr. President, I appreciate the efforts of many including the majority leader and our distinguished chairman, Mr. HOLLINGS, to allow us to bring this piece of legislation to the Senate floor. Let me say this in the beginning. There is one word that underlines this piece of legislation, and that is safety, airline safety.

Now, there is a lot of frustration with what is going on as it relates to lateness of flights, luggage not arriving on time, and those sorts of things as they relate to the consumer. I personally understand and I think the committee understands that frustration. But the important thing is that you as a flying passenger arrive at your destination safely, and so that is what our legislation is all about this morning. The distinguished ranking member of the committee and I are very hopeful that this piece of legislation would not get entangled with other major pieces of legislation that our committee has sent to the Senate floor. The House has sent their legislation over also.

So the preamble of what I want to say this morning is this is a safety bill. It is important to the traveling public.

Mr. President, I may take a little more time than usual this morning in explaining S. 1184 because I want my colleagues to understand what is contained in this legislation. It is important that we understand—I hope I can explain it—what we are attempting to do this morning because we as Members of Congress understand more of the problems than the normal traveling public because we are frequent fliers. And by virtue of the fact that we are frequent fliers, I think our input in this piece of legislation is important.

Mr. President, this legislation before us is to authorize expenditures from the airport and airway trust fund for



aviation development for the next 3 years, principally for the Airport Improvement Program, air traffic control modernization, safety and capacity research and development, and Federal Aviation Administration operational expenses.

The Airport and Airway Capacity Expansion Act of 1987, as S. 1184 is captioned, is designed to provide \$15.6 billion for aviation safety and modernization programs through fiscal year 1990. This money is badly needed to increase airport capacity, enhance aviation safety, and ease congestion in our crowded air transportation system.

S. 1184 will ensure increased utilization of the trust fund.

Now, Mr. President, one thing I want my colleagues to understand is how much money is in the trust fund. The current balance is nearly \$10 billion, of which approximately \$5.6 billion is surplus. These funds have been collected from air travelers. It has been collected from you and I at an 8-percent ticket tax and general aviation fuel taxes. The money in the trust fund can only be used, and I underscore only be used, for aviation development and safety programs. Yet for various reasons this surplus has been allowed to develop.

Our legislation recognizes this Nation's aviation capacity and safety needs. It uses the trust fund, to which we contribute every time we fly, to build new runways and install new computers and radar. In addition, this bill requires the FAA to supplement its air traffic control work force by hiring an additional 1,000 controllers by the end of fiscal 1988.

We need to act expeditiously, Mr. President. On September 30 the authorization expired. We have been going for some time now without any authorization and have over \$3 billion in applications that are approved, ready to go. I will explain that later on in my comments. But without this authority in this particular piece of legislation we do not fund these critical programs.

A little background, Mr. President. In 1970, the airport and airway trust fund was established, and it was established for one reason and one reason only, to ensure the availability of resources to develop airport capacity and air traffic control systems—safety. In succeeding years, funding for these programs has been increased to provide for needed expansion of our aviation infrastructure.

The most recent authorization was the Airport and Airway Improvement Act of 1982. The 5-year plan provided for increased funding to develop capacity needed to handle growth in passenger traffic that resulted from airline deregulation.

This expected growth in airline traffic has materialized with passenger levels—and I think this is important—increasing from 275 million passengers in 1978 to an expected 450 million-plus passengers in 1987—9 years, more than

double. However, while Federal spending on our aviation infrastructure has increased marginally, it has not been adequate, nor have the funds in the trust fund been used to handle the demand now being placed on it by aviation users. This demand has created a number of problems that we have attempted to address in this bill.

Let us look at the airport improvement program, which is a part of this legislation. First and foremost, we need increased airport capacity—simple, increased airport capacity. Last month, there was an average of 886 delayed flights of more than 15 minutes every single day—almost 30,000 delayed flights in last month alone. While not all could be alleviated by building more airports and additional runways, there is clearly a need for more concrete, to put it very simply. According to FAA estimates, there is a need for more than \$24 billion in Federal airport funding over the next 10 years.

Testimony before the Aviation Subcommittee this year illustrated, I think vividly, how airport improvement and airport development has suffered because of insufficient funding. Between 1982 and 1986, the FAA was forced to turn down requests for nearly \$10 billion in airport projects because of shortages in appropriated funds.

At present, over \$3 billion of eligible, and I underscore eligible, grant applications for airport development are on file with the FAA simply awaiting our authorization and appropriations. Our bill addresses this need by increasing airport development funding by 60 percent over last year. It provides \$1.6 billion for the Airport Improvement Program for fiscal year 1988, with that amount increasing by \$100 million a year to \$1.8 billion in fiscal 1990.

Let me also state, Mr. President, that in this bill we have attempted to refine the manner in which Federal airport development funds are allocated. The bill creates a program for dedicating funds to airports receiving all cargo air service.

As such, approximately 45 airports will be entitled to approximately 3 percent of total AIP funding levels under this legislation. Currently, these airports are overlooked, as funds are apportioned only based upon passenger levels.

As was stated the airport does not know whether an airplane landing has cargo or passengers.

We have established a \$250 million set-aside for projects solely designed to expand systemwide capacity. And we have made it possible for airports to begin construction of critical capacity expansion projects before Federal funding is available—provided they meet all requirements for receiving AIP funds.

Many of our communities and many of our States are willing to put money up front only if they have that possibility under formal circumstances at

some later date to be able to be repaid for their advancement of that money. So if you have a community in your State that wants to go ahead with airport improvements, we have given them the vehicle which will allow them to do that. I think this is a significant part of this legislation.

The bill will provide increased funding for both large and small airports. It raises the maximum amount any of the largest airports can receive from \$12.5 million a year to \$16 million, while also raising the cap for the smallest primary airports from \$200,000 to \$300,000. And an additional 146 small- and medium-sized airports will be designated as primary airports under our legislation, thus becoming eligible for formula AIP funds.

S. 1184 also increases the percentage set-aside for noise abatement projects from 8 percent of total AIP funds to 10 percent. No other issue is as universally shared by all localities, and the Federal Government must provide increased assistance to communities as a means of minimizing the future of airport noise.

Finally, under this legislation, no airport can receive AIP funds if that airport uses foreign materials or services and the providing country does not allow fair and equitable market opportunities for U.S. contractors. This provision was originally sponsored by Senator MURKOWSKI and was subsequently added by the committee to S. 1184 because of the increasing problem American firms are having in gaining access to the multibillion Kansai, Japan, airport project.

#### AIRWAY MODERNIZATION

The second component of the aviation system designed to ensure aviation safety and increased capacity is the FAA's air traffic control system. Like our airports, the air traffic control system has a demonstrated problem accommodating continued growth—not to mention reliability.

Current facilities and equipment are aging rapidly. We need new computers, radars, wind-shear detection systems, collision avoidance equipment, as well as navigational aids.

In 1982, Congress approved the national airspace system plan which we refer to as the NAS plan—a 10-year, \$12.2 billion effort to modernize the air traffic control system. Made up of some 90 projects, the NAS plan is a massive undertaking to increase the reliability of air traffic control equipment, as well as expand capacity of airways—thereby increasing the margin of aviation safety.

According to the FAA, successful implementation of the NAS plan will save an estimated \$26 billion in FAA operating and maintenance costs, and save aviation users some \$37 billion through increased safety and efficiency.

The problems with the implementation of the NAS plan have been threefold: Delays in delivery of equipment



because of contractor failure, overly optimistic FAA schedules, and insufficient funding have all contributed to delays in bringing new systems on-line.

The FAA has made major changes in the program—improving management and ensuring better utilization of resources. But Congress must still provide increased funding to pay for the cost of this modernization effort.

S. 1184 does that by authorizing \$1.5 billion in each of fiscal years 1988 and 1989, and \$1.75 billion in 1990 for new air traffic control facilities and equipment. This is a significant increase over current funding levels and is badly needed to ensure that the NAS plan continues on schedule and that projected safety and efficiency benefits are realized.

#### AIR TRAFFIC CONTROLLERS

With increasing traffic and growing numbers of near misses between aircraft, it is apparent that our air traffic control system is understaffed. We clearly need additional air traffic controllers. No other problem has hindered the continued vitality of our air transportation system more than the deficient air traffic controller workforce that resulted from the 1981 PATCO strike.

The recently departed Secretary of Transportation realized this by requesting funding for an additional 955 controllers and support staff earlier this summer.

Accordingly, I believe it is appropriate to continue to pursue legislative language directing the FAA to hire an additional 1,000 controllers—over and above the 15,000 mark established last year during consideration of the continuing resolution.

16,000 air traffic controllers will bring us close to prestrike levels, and given record airline traffic levels, those controllers probably should have been added years ago.

#### RESEARCH AND DEVELOPMENT

Mr. President, the air transportation industry is extremely dynamic. And the equipment needed to ensure its safe and efficient operation is state-of-the-art technology, some of which is yet to be developed.

We need not only concentrated research and development of this new equipment, but increased research into what steps can be taken to increase airport capacity.

S. 1184 provides the necessary funds for that effort, as it increases R&D funding to \$200 million in both fiscal years 1988 and 1989, increasing to \$225 million in fiscal 1990. Of that amount, we have earmarked \$25 million annually for research into ways in which airport capacity can be expanded.

#### OPERATIONS AND MAINTENANCE

The FAA has a very large workforce—totaling over 45,000 people. Historically, the majority of the funds used to pay their salaries and expenses has come from the general revenue fund. However, in enacting earlier authorization bills, Congress had to in-

crease the percentage of O&M funds coming from the airport and airways trust fund.

This legislation maintains current law. It recognizes the need to continue funding FAA operational expenses from the trust fund.

As such, this bill continues to limit the trust fund share of O&M costs to approximately 50 percent of the total. It also retains the penalty provisions which keep OMB from diverting the majority of those funds from desperately needed capital improvement programs to pay for FAA salaries and expenses.

Mr. President, this legislation must be enacted by the Senate as expeditiously as possible. The authorization for funding has once again lapsed. This bill has been held up for weeks and weeks and weeks. The authorization for funding has lapsed two or three times—1980, and back in the mid-1970's. We have had the experience. We need not let it happen again.

Without an authorization bill, taxes are being collected, with no expenditures allowed from the trust fund. Let me repeat that sentence, Mr. President: Without an authorization bill, taxes are being collected, with no expenditures allowed from the trust fund. The public is being robbed. They are paying this 8-percent tax for one reason and one reason only—that you improve the system and you make it safer, and we must not allow this to continue. We need to enact this piece of legislation.

I believe S. 1184 is good legislation. It has the support of the Department of Transportation, and it does not bust the budget.

We must act to pass this critical legislation, but while doing so, we cannot load it up with other, more controversial provisions that might lead to a Presidential veto.

Those are my opening remarks, Mr. President. What we have here is a good bill that has been worked on for long hours to come to an agreement, and I do not want to see this bill loaded down with a lot of amendments that might make it controversial and with provisions that might lead to a Presidential veto. This bill is too important for that. I will fight to keep it free of those extraneous amendments.

The chairman of the Commerce Committee and I can assure other Senators that there will be other aviation bills—specifically, S. 1485, the Air Passenger Protection Act, and S. 724, legislation providing for labor protection provisions for certain airline employees—that will be on the Senate floor in the very near future, where we can debate those more controversial matters.

Mr. President, I urge my colleagues to support this critical legislation so that we can take it to conference and then on to the White House and thus insure enhanced development of our Nation's air transportation system.

Mr. President, no one could be more fortunate than I am to have a ranking member like the distinguished Senator from Kansas, Senator KASSEBAUM. She understands the system. She understands the problems. She has been supportive, and we have worked together this past year and put this package together. I am very pleased with the cooperation we have had, and I think the effort is reflected in the legislation now before the body.

The PRESIDING OFFICER (Mr. CONRAD). The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I thank the Senator from Kentucky [Mr. Ford], who has chaired the Aviation Subcommittee of the Commerce Committee. We have worked well together. He has laid out very succinctly and thoughtfully the bill before us, particularly by leading off and stressing the safety factor.

Mr. President, the pending measure, S. 1184, provides for a 3-year reauthorization of the major aviation accounts on which this Nation's airport and airway systems depend. The existing authorization for these programs expired on September 30. This bill is legislation that must be enacted.

The bill was reported by the Commerce Committee on July 1, after extensive hearings by the Aviation Subcommittee. The Senator from Kentucky [Mr. Ford] put together an exceptionally broad-based hearing schedule. The subcommittee heard from DOT, the FAA, and a wide range of commercial and general aviation user groups. On the basis of those hearings, the pending bill was prepared by the Aviation Subcommittee under Senator Ford's leadership. It was reported, without substantial change, by the full Commerce Committee.

Mr. President, today, the traveling public has serious doubts about the safety of air-travel. That lack of confidence is truly disturbing because, in reality, we have a national air transportation system that is remarkably safe. The level of safety presently built into the system has been achieved through a joint effort by all segments of the aviation community. The FAA has been—and must continue to be—at the forefront of the national air safety effort.

Mr. President, I think the FAA has done a truly remarkable job of promoting air-travel safety, under the most difficult of circumstances. Quite frankly, program accounts for the FAA have been underfunded for a number of years. Fortunately, during those years the FAA has been guided by Administrators who have perfected the art of "doing more with less."

We can not, however, expect the FAA to "do more with less" forever. The effects of program underfunding can be offset by "creative management" for only so long. Sooner or later, antiquated equipment, limited capacity, and insufficient personnel, become too great of a burden for even



the most efficient of management to overcome.

S. 1184 is designed to provide the authorized levels of program activity that are required to ensure that the current level of safety in the system is maintained. The bill also lays the ground-work for safety upgrades that will be necessary to take air-travel past the turn of the century.

If we are serious about restoring public confidence in our national aviation system, we must start by setting realistic funding levels for national aviation accounts. Enactment of this legislation will demonstrate a serious commitment on the part of the Congress to improve aviation safety and capacity.

The funding levels contained in S. 1184 are adequate—but not generous. In many respects, they represent levels that are below what could actually be used—and use productively. The Senator from Kentucky outlined the specific authorization levels in the bill. I would like to reemphasize the need for those authorized levels.

The National Airspace System Plan, the comprehensive plan to modernize the air traffic control system, has fallen behind schedule. The facilities and equipment account funds our national effort to upgrade air traffic control facilities and equipment. The F&E authorization provides \$1.5 billion for fiscal year 1988, increasing to \$1.75 billion in fiscal year 1990. Even if the authorizations contained in this bill for the NAS Plan are fully funded, the air traffic control system will continue to be hard pressed to meet capacity demands over the next 3 years.

The bill also reauthorizes funding for the Airport Improvement Program. That program is critical to meeting future capacity needs, and provides assistance to both large and small airports nationwide. Authorized levels for the AIP program are substantially increased over current levels—beginning at \$1.6 billion in fiscal year 1988 and increasing to \$1.8 billion in 1990. If AIP is reauthorized at these levels, the ground work will have been laid for reducing the sizable present backlog of unfunded local airport improvement projects.

Funding for the authorizations contained in this legislation is provided through a variety of user fees assessed on the aviation community. Airline passengers pay a 8-percent tax on tickets they purchase, and airlines and general aviation pilots pay a tax on fuel, tires, and tubes. In fiscal year 1986, these taxes generated \$3.9 billion which has been credited to the aviation trust fund for support of programs authorized in this bill.

S. 1184 needs to be enacted. The current authorization has expired. The House has already acted on this subject. We need to move to conference as quickly as possible, and get reauthorization legislation to the President so these important programs can go forward. For those reasons I urge my col-

leagues to support passage of this vital legislation.

Mr. President, I should like to reiterate that the existing authorization for these programs expired on September 30. This is "must" legislation.

I should like to reiterate what Senator Ford said: Enactment of this legislation will demonstrate a serious commitment on the part of Congress to improving aviation safety and capacity. I can think of no other bill before us that would be more important this week for us to address in a timely fashion.

There are many of us who would like to add amendments, because this is the first major aviation bill coming through. But I am very supportive of efforts to keep this reauthorization free of confusing and cumbersome amendments which will need some debate and which we will address at a later time.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, as the chairman of our committee, I commend the distinguished Senator from Kentucky and the distinguished Senator from Kansas.

The Senator from Kansas originally headed this Aviation Subcommittee when we had a Republican majority. Without missing a step, she has continued to lead the way, with the distinguished Senator from Kentucky, who probably has had more hearings on airline safety, airline consumer problems, and various aviation concerns we have with respect to facilities, than any aviation subcommittee has ever experienced.

They have been very, very diligent, and yet we wonder how we get by without this legislation.

In a sense, Mr. President, a miracle will occur today in that we will have over a million American passengers, around 1,200,000 will be flying today on 10,000 flights to over 10,000 destinations and do so safely. The miracle is that while they do it safely, we have had this year, through September, 857 near misses in the United States which is a 37-percent increase over last year. We will have 984 operational errors made by the air traffic controllers, which is an 8-percent increase over last year. And there have been 2,551 pilot deviations where the pilots have deviated from the Federal air regulations, an increase of almost 54 percent over last year. And we had 26,000 delayed flights last month.

Mr. President, we are in a difficult situation regarding the economy. I do not know how it has kept up. I do not know how we got by until October of 1987 before the stock market crashed, because they told us back in 1980 when we were facing a deficit—\$75 billion at the termination of President Carter's term—that if we continued to run deficits that high, the economy would go into a tailspin.

I chaired the Budget Committee at the particular time, met with the

President, and in a crisis situation we passed what you call now a reconciliation bill. The first spending cut of those amounts already appropriated cut the deficit back down to \$57.8 billion, and ever since then for a 7-year period now I have been holding my breath each year telling everybody we are going to have a crash, it just cannot last.

We got last year up to a \$221 billion deficit. And in a similar fashion here you are going to hear those who would oppose this measure say, "Oh, don't worry about it. We have a record number of safety miles traveled," and what have you, without a crash.

But the fact of the matter is we see the impending storm, and it is time now to set aside the concerns and act.

As a result, Mr. President, I am joining with Senator Ford and Senator KASSEBAUM in support of this particular bill. It is an outstanding measure. It authorizes \$15.6 billion over a 3-year period.

I am a little annoyed at constantly hearing we are not spending the money. If you do not spend the money it does not help the deficit. And we will get into that if some measure is proposed about putting this aviation trust fund off budget.

This is a sort of Band-Aid type approach to make it look better, but it does not cure the ill whatsoever.

We just have not spent the money, period, because the White House and the administration has opposed it. They opposed air traffic controllers until we put in a bill, this bill we reported out in May, for a thousand of them. Then the Department of Transportation came and said, "Oh, yes, we think we need 900 or more controllers," and we have brought DOT kicking and screaming into facing up to this problem, and the problem worsens every day.

So it has not been the balanced budget. It has just been in a drive not to spend the money that you and I and the airlines are paying—the tax, that we, the traveling public, have built up. And it should be expended to make safer the facilities around the country and move forward now with controllers and improved devices throughout.

Mr. President, we have spent the better part of a year expressing our collective "concern" over the state of the Nation's air transportation system. We've vented our outrage and frustration regarding scheduling practices and the increasing number of delays in air travel. We've fretted over safety—particularly with regard to the question of whether deregulation of the airlines has made the skies less safe than they could be.

In committee and here on the Senate floor, this debate has been educational and—I would suspect—somewhat cathartic for a group of individuals who probably log as many miles in the air per year as any other group



in the country. However, the time for expressing "concern" has now passed. We must now put our words into action. More specifically, it's time we ante up with the funds that will directly address these problems.

The legislation which is now before the Senate represents our opportunity to do just that. S. 1184, the Airport and Airway Capacity Expansion Act of 1987, would authorize \$15.6 billion for aviation safety and the modernization of our air traffic control system over the next 3 fiscal years.

Right to the point—we simply must authorize this spending. Not only are the increased expenditures in this bill needed to expand the capacity and enhance the safety of the air transportation system, but that money comes from a trust fund—the airport and airway trust fund—which can be used only for these purposes.

We created the fund. We have taxed the users of the air transportation system. Now, we would be derelict in our duty as Senators if we did not use this fund to benefit those who have paid into it.

The airport and airway trust fund was established by Congress in 1970 to increase the airport capacity and develop our air traffic control system. It is funded by an 8-percent tax on airline tickets and a levy on general aviation fuel. That means that every time you and I purchase an airline ticket, we are paying into that fund.

Our more recent authorization bill was the Airport and Airway Improvement Act of 1982, which provided a 5-year plan for increased funding to meet the growing needs of the traveling public. This legislation expired on September 30, and until a renewal of that authorization is signed into law, the Federal Government has no authority to continue its efforts to issue grants to States and localities for airport development and expansion.

In recent years, the passenger increases and the resulting strains on the Nation's system of airports and airways have been far above and beyond what anyone could have predicted in 1982. Annual passenger loads have boomed—from 294 million 5 years ago to an expected 450 million this year.

Our current air transportation system just cannot handle this increase, as demonstrated by the more than 26,000 delayed flights experienced last month. The resulting inconveniences experienced by those who have been paying into the trust fund amount to only part of the problem we face today. More important is the effect of this capacity shortage on the margin of safety in the skies.

The question we should be asking is: "Is airline travel as safe as it can possibly be?" The obvious answer is "no."

Over the past year, we have seen a major accident in Detroit, MI—the second worst civil aviation accident in U.S. history. And while this year in no way approaches the catastrophic year

that 1985 was in terms of numbers of accidents and deaths, other safety indicators are increasing dramatically.

Perhaps most concerning is the number of near-misses reported between aircraft. Through September, there have been 857 near-misses in the United States—a 37-percent increase over last year. There have been 984 operational errors made by air traffic controllers—an 8-percent increase over 1986 levels. And there have been 2,551 pilot deviations, where pilots have deviated from Federal air regulations, an increase of almost 54 percent over last year.

While all of these problems cannot be solved by simply adding capacity to our airport and airway system, it is clear that we need to direct increased resources toward building new airports and constructing additional runways. There is no disputing the fact that many of our problems with delays and congestion could be alleviated if there was more capacity at our Nation's airports.

S. 1184 would provide a significant increase in the Federal share of airport development funds—increasing funding for the Airport Improvement Program by 60 percent in fiscal year 1988. This \$1.6 billion will dramatically improve the ability of airport managers at large, medium, and small airports to provide the infrastructure needed to accommodate current and future levels of air traffic.

In order to increase the capacity of our airways and ensure the utmost in safe travel, we also must step up modernization of the Federal Aviation Administration's rapidly aging air traffic control facilities and equipment. We need new computers. We need new radar systems. We need new navigational aids. These acquisitions were provided for when we approved the \$12.2 billion national airspace system plan in 1982. However, implementation of this 10-year plan is behind schedule due to a variety of problems, including insufficient funding.

The FAA has taken a number of steps to alleviate problems in the national airspace system plan, but only Congress can clear the last obstacle to rapid modernization of air traffic control system by providing the funding increases needed to get the job done. And that's what this legislation before us today is designed to do.

Mr. President, as I stated earlier, funds authorized by this legislation come from a trust fund which can be used only for airport and airway development. The shame is that we have allowed this fund to accumulate an outrageous \$5.6 billion surplus. Unfortunately, the folks over at the Office of Management and Budget have not been able to resist the temptation to use this trust fund surplus as a cosmetic to make our massive budget deficit look a little less frightening. For that reason, they don't want to spend the money. Meanwhile, the people who pay into that fund—the air travel-

ers—are required to put up with the types of inconveniences and safety problems that their user taxes are meant to solve. It is a ludicrous situation.

We have clearly defined needs in our air transportation system. We have the money sitting there in the trust fund. So let us spend it. Let us solve the problems at hand.

S. 1184 would authorize the appropriation of more than \$5 billion per year over the next 3 fiscal years to address our aviation capacity and safety needs. It provides for the construction of new runways, the installation of new computers and radar systems, and the hiring of an additional 1,000 air traffic controllers. In short it will enable our beleaguered air transportation system to catch up with the demands being placed on it by those who fly.

Mr. President, I want to thank our Aviation Subcommittee chairman, Senator FORD, for his efforts in preparing this legislation and working to ensure its passage. I also want to thank Finance Committee chairman, Senator BENTSEN, for his efforts to provide the revenues needed to finance these critical aviation programs. And finally, I am pleased that Senator CHILES and the Budget Committee provided the room in the fiscal year 1988 budget resolution to accommodate the increases in funding provided for by our legislation.

This legislation must be approved as expeditiously as possible. We have already missed our September 30 deadline, and the longer we delay, the longer our airports and airways will languish.

I strongly urge my colleagues to support this legislation, so that we can take it to conference with our counterparts from the House of Representatives, who have already acted on a similar bill, and finally, to the President.

This bill is our opportunity to restore public confidence in our air transportation system. It will allow for the continued development of that system. It will make it more efficient. And most importantly, it will enhance aviation safety for all air travelers.

Mr. McCAIN. Mr. President, I believe I have experienced at first hand many of the frustrations and much of the discomfort that many Americans experience while traveling on board domestic and foreign airliners since deregulation in 1979.

I will not belabor this body with stories like the one where I spent a night last winter in the Chicago airport after the planes were delayed by 3 or 4 hours from leaving National Airport, thereby missing my connection to my home in Phoenix, AZ.

I will not regale the Members of this body with the story about the time I got on an airliner that was headed to Phoenix—since discontinued, I might add. There are no direct flights from



Washington to Phoenix, AZ. At the gate directly next to mine was a flight going to Denver, CO.

After everyone was on board and strapped in, it was discovered that the plane that was going to Phoenix needed to go to Denver for maintenance, and we were notified that it would be required that we all switch aircraft. There was a melee of mammoth proportions, and it resulted in a 3-hour delay.

The stories are myriad of the discomfort that people have experienced. Recently, there was a story in the media about a near riot at the airport in Miami as a result of the cancellation of a flight that was going, I believe, from Miami to New York.

The fact is that there is an enormous frustration today existing among Americans about the kind of travel they are afforded by the airlines, and this frustration is reflected in the hearings we have held and the various magazine articles and newspaper articles and in the correspondence I receive from the people I represent. I know that the other Members of this body have experienced the same frustration.

This legislation will be an important contribution in addressing these problems, as well as in promoting safety and development of the airport and airway system.

The trust fund is supported by a variety of taxes on aviation users, such as an 8-percent domestic passenger ticket tax, and various excise taxes on aviation products. This is truly a self-funded program. In fiscal year 1986, these fees, together with interest, generated \$3.9 billion, all of which was credited to the trust fund.

By September 30, 1987, the cash balance of the airport and airway trust is projected to total nearly \$10 billion. Of that amount, approximately \$5.63 billion is estimated to be surplus, or in excess of current obligations.

This brings up one of the major points here, and one that the American people cannot understand. If there are inadequate airports and an inadequate system existing today and an inadequate number of air controllers, why in the world are we not spending the \$5.6 billion that is surplus in this trust fund. I must tell my friends and colleagues that I do not understand it, either.

I cannot understand why bookkeeping requirements would somehow dictate a situation where we do not have sufficiently trained air controllers, we do not have sufficient equipment to control the aircraft on the ground, and we certainly do not have sufficient numbers of airports for these airliners to land.

I was interested one day in noting that there were some 17 aircraft that were scheduled to take off from National Airport at 8 a.m. That is a feat that not even Mr. Lindbergh could match, nor any other person who had made aviation history.

Also, I happened to note on the same day that there were some 20 aircraft to land at exactly the same time at Chicago O'Hare Airport.

This is an intolerable situation, and the American people deserve far better.

This increase in the trust fund surplus can be attributed to two factors. Since 1982, Presidential budget requests and congressional funding levels for airport and airway improvement programs have been significantly below authorized levels. The airway modernization program, has experienced funding shortfalls over the 5-year period totaling \$1.6 billion.

As successful as the AIP Program has been in the most recent years, there are significant capacity shortages at the Nation's major airports. This is largely due to the fact that insufficient Federal resources have been made available for airport development, even though the airport and airway trust fund, with its surplus, could have supported substantially higher levels of Federal investment.

Despite a passenger volume increase at our Nation's airports of over 50 percent since deregulation, only one major airport has been built in the last decade.

Without this funding, the airport system will be unable to accommodate projected increases above today's record airline traffic levels. In fact, the FAA claims that 72 percent of the total airport development needed in the future is related to increasing capacity in the airport system to handle growing passenger volumes and aircraft operations. This legislation is designed to ensure that adequate Federal capital funds, contributed by aviation users, are made available to expand the capacity of our Nation's airport system to meet current and anticipated demand.

Adequate funding is critical for eliminating the current shortage of airport capacity, which is causing the FAA to delay aircraft at the point of origination until the airport at the point of destination can accommodate that aircraft. Flow control as a means of ensuring safe air travel has lengthened travel times, contributed to record levels of delayed airline flights, and cost the consumer and the airline industry billions of dollars.

This legislation is also designed to accelerate the modernization of the air traffic control system under the NAS plan. First approved in 1982, the NAS plan, which is funded through the FAA's facilities and equipment account, is designed to update, consolidate, and automate the Nation's air traffic control, navigation, and communications system.

Without significant increases in funding for FAA facilities and equipment to ensure the completion of the NAS plan, the Nation's air traffic control system will not be able to accommodate safely increasing levels of airline traffic. This legislation will provide for

the necessary funding to keep the modernization program on schedule, thus ensuring the safe, efficient movement of aircraft throughout the air transportation system.

Let me emphasize that it is time to move this bill. Further delays in this legislation will only complicate the situation in our Nation's airports and airways. More importantly, it can only harm safety. There will be other opportunities to correct problems, real and imagined, on the service and labor side of our Nation's air transport system. This bill must be passed quickly, in a fashion that will ensure its immediate acceptance by the administration.

I appreciate the leadership of my distinguished colleague from Kentucky [Mr. Ford] on shaping this very important piece of legislation and the important contributions of Mrs. KASSEBAUM.

Mr. PACKWOOD. Mr. President, the Finance Committee's amendment to S. 1184 extends the various airport and airway trust fund excise taxes and provides expenditure authority from the trust fund to coincide with the authorizations provided by the Commerce Committee.

The airport and airway trust fund supports a number of vital airport and airway programs. Unfortunately, the funds from the trust fund have not been spent at the full authorized levels in each year since 1982, resulting in an excessive trust fund balance. By September 30, 1987, the Federal Aviation Administration [FAA] estimates that the cash balance of the airport and airway trust fund will be nearly \$10 billion. Of that amount, over \$5 billion is estimated to be surplus, in excess of current obligations.

As the Commerce Committee's report accompanying S. 1184 points out, there are two factors to which this increase in the trust fund surplus can be attributed. First, since 1982, Presidential budget requests and congressional funding levels for airport and airway improvement programs have been below authorized levels. This has been particularly true for the airway modernization program, where funding shortfalls since 1982 total \$1.6 billion. Second, because annual appropriations for FAA capital improvement programs have been less than authorized, the amount of the trust fund that can be used for FAA operations has been reduced, thereby increasing the surplus.

During the Finance Committee's consideration of this matter, I offered an amendment which retains the current airport and airway trust fund excise tax levels for the next 3 years. In the fourth year, 1991, however, these excise taxes would be automatically reduced by one-half if there is an unobligated trust fund balance of more than \$3 billion at the beginning of 1991. At the end of 1991, these excise taxes would expire.



By reducing the taxes in 1991 if there is an excessive surplus, my amendment would encourage the spending of trust fund moneys. I want to see this spending occur as early as possible. However, by waiting until 1991 to put the tax trigger into effect, my amendment in no way interferes with the authorizations included in the Commerce Committee's 3-year program authorization bill, and gives the Department of Transportation and the Appropriations Committees 3 years to ensure that these trust fund monies are spent—and spent effectively.

It is incompatible with the user fee philosophy to continue raising aviation user taxes if the revenues are not being spent. There appears to be broad agreement on this point. The House Ways and Means Committee included a trigger mechanism in August in their airport and airway trust fund extension legislation. The Senate Finance Committee and the full Senate approved legislation in 1982 which included a trigger mechanism for this trust fund. The tax trigger is strongly supported by the aviation community as a means of ensuring that aviation tax receipts and disbursements will be brought into better balance.

My goal is to ensure that the trust fund moneys are indeed used to improve the airport and airway system. I am not, however, wedded to the specific approach taken in my amendment. I look forward to working with my Senate colleagues, the House, the Department of Transportation, and the aviation industry to develop the most effective mechanism possible to achieve this goal as this legislation progresses.

Mr. HOLLINGS. Mr. President, if it is agreeable with the distinguished chairman I will send an amendment on behalf of—

Mr. FORD. Mr. President, will the Senator withhold? I want to make one motion so we can get our committee amendment agreed to.

Mr. HOLLINGS. OK. If it is appropriate.

Mr. FORD. Mr. President, I ask unanimous consent for the purpose of further amendments that we adopt the committee amendments en bloc.

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

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

Mrs. KASSEBAUM. I move to lay that motion on the table.

The PRESIDING OFFICER. It is not necessary to be reconsidered.

Mr. FORD. I want to be sure we lock those in, Mr. President. You never know what may happen down the pike.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. Mr. President, do I understand the unanimous-consent request just made that a germaneness rule be adopted without the

Members of the Senate knowing about it?

The PRESIDING OFFICER. No.

Mr. METZENBAUM. What did I hear about germaneness?

Mr. FORD. No.

Mr. METZENBAUM. I apologize. I thought I heard someone say that on my radio. I misunderstood. I apologize to the manager of the bill.

Mr. FORD. I will help him with the syringes.

Mr. HOLLINGS. Mr. President, another near miss.

#### AMENDMENT NO. 1047

(Purpose: To amend the Federal Aviation Act of 1958 to require the installation and use of collision avoidance systems in aircraft, and for other purposes)

Mr. HOLLINGS. Mr. President, I send an amendment to the desk and ask the clerk to report. It has to do with the TCAS-II collision avoidance device and transponder. I send it to the desk on behalf of the distinguished Senator from California, Senator WILSON, and the Senator from Missouri, Senator DANFORTH, the distinguished majority leader, Senator BYRD, and myself.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. HOLLINGS] for himself and Mr. DANFORTH, Mr. WILSON, and Mr. BYRD, proposes an amendment numbered 1047.

Mr. HOLLINGS. 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 end of the bill, add the following:

Sec. 1 (a) Congress finds that—

(1) the number of near midair collisions is an indication that additional measures must be taken to assure the highest level of air safety in the United States;

(2) public health and safety requirements necessitate the timely completion and installation of a collision avoidance system for use by commercial aircraft flying in the United States;

(3) the Traffic Alert and Collision Avoidance System promises to reduce the threat to life caused by midair collisions, particularly collisions between general aviation aircraft and commercial aircraft;

(4) the Traffic Alert and Collision Avoidance System will succeed only to the degree that other aircraft posing a collision threat use operating transponders with automatic altitude reporting capability; and

(5) the Federal Aviation Administration should continue at a deliberate pace the development of additional technologies, including the collision avoidance system known as TCAS-III, to ensure the safe separation of aircraft.

(b) Section 601 of the Federal Aviation Act of 1958 (49 App. U.S.C. 1421) is amended by adding at the end the following:

#### "COLLISION AVOIDANCE SYSTEMS

"(f)(1)(A) The Administrator shall complete development of the collision avoidance system known as TCAS-II so that such system will be operable under visual and instrument flight rules and will be upgradable to the performance standards applicable to

the collision avoidance system known as TCAS-III.

"(B) The Administrator shall develop and implement a schedule for development and certification of the collision avoidance system known as TCAS-II which will result in completion of such certification not later than 18 months after the date of the enactment of this subsection.

"(C) The Administrator shall transmit to Congress monthly reports on the progress being made in development and certification of the collision avoidance system known as TCAS-II.

"(2) The Administrator shall require by regulation that, not later than 30 months after the date of certification of the collision avoidance system known as TCAS-II, such system be installed and operated on each civil aircraft which has a maximum passenger capacity of more than 20 seats and which is used to provide air transportation of passengers, including intrastate air transportation of passengers.

"(3) Within 6 months after the date of enactment of this subsection, the Administrator shall promulgate a final rule requiring the installation and use of operating transponders with automatic altitude reporting capability for aircraft operating in designated terminal airspace where radar service is provided for separation of aircraft. For terminal airspace designated under this paragraph, other than for Terminal Control Areas and Airport Radar Service Areas, the Administrator may provide for access to such airspace by non-equipped aircraft if the Administrator determines that such access will not interfere with the normal traffic flow. Such final rule shall require the installation and use of such transponders not later than 24 months after the date of enactment of this subsection."

(c) The item relating to section 601 in the table of contents of the Federal Aviation Act of 1958 is amended by adding at the end the following:

"(f) Collision avoidance systems."

(d) The Administrator of the Federal Aviation Administration shall complete the research and the development on, and the certification of, the collision avoidance system known as TCAS-III as soon as possible. There are authorized to be appropriated such sums as may be necessary from the Airport and Airway Trust Fund to carry out this subsection.

Mr. HOLLINGS. I thank the distinguished Chair.

Mr. President, this amendment has two parts. It would mandate the FAA to require all aircraft flying near those airports where the FAA has a radar to separate aircraft—some 180 of them—to be equipped with altitude reporting transponders.

Second, it would establish a timetable for ensuring FAA certification and installation of airborne collision avoidance systems aboard most of the commercial aircraft.

With respect to transponders, I know there is some misgiving on behalf of general aviation being required to include these. The argument would be that this device that can never be used in those areas of the country, let us say, out in the area perhaps of Wyoming and other States, where there is not an airport with radar control and people fly regularly and there is no real threat to safety.



On the other hand, the FAA requires radar control at 180 airports, yet they only require a transponder near 23.

We are seeing now aircraft flying into these congested air corridors with no warning and no accountability. As a controller, you just do not know they are there until some newspaper account after it is reported to the FAA records that we have had another near-miss.

This transponder is a \$2,000 item to be included.

With respect to transponders in aviation, the amendment would require within 6 months that the Federal Aviation Administration complete a rulemaking for requiring installation of mode C altitude reporting transponders and within 24 months of the enactment each aircraft flying near those nearly 180 airports where the FAA provides radar separation—all terminal control areas, airport radar service areas and terminal radar service areas—will be required to have transponders in operation.

So they have 2½ years. It is reasonable. It is feasible.

We would all like to have them on all planes as of yesterday. But we are living in the real world and to get the notice and have the equipment, complete the installation, we say a 2½-year period is more than adequate.

There have been a record number of near misses between aircraft this year, as I mentioned a while ago—over 857 in the first 9 months, a 37-percent increase over last year.

And one of the big reasons is that many air traffic controllers do not know the precise location of most general aviation aircraft. There is clearly a need for these transponders.

Last year general aviation flew approximately 34 million miles. There are approximately 125,000 aircraft operating in this country without an altitude-reporting transponder, and the controllers have no idea where these planes are.

It is a safety issue, not a monetary one. The mode C transponders cost approximately \$2,000, including installation, and it is a small price for those who fly private aircraft to these busy airports.

I would wax heavy of heart with respect to the TCAS-II. They have a TCAS-III coming on board. The TCAS-II is from the lateral, from side to side, to have warning of air collision avoidance, and the altitude up and down is the TCAS-III.

The original sponsor of this particular safety requirement is our distinguished colleague from California, and I would like to yield to him at this particular time because what we have done is join the amendment of the Senator from California together with my transponder amendment so we could vote on it at one time.

Mr. WILSON. Mr. President, I rise today in support of the amendment introduced by Senators HOLLINGS and

DANFORTH, and I thank the chairman for his kind words about my part in developing this important and needed legislation. Almost 1 month ago, I introduced the Aircraft Collision Avoidance Act of 1987—legislation designed to make our skies safer by reducing the risk of midair collisions involving commercial airliners that have correctly occupied so much of the time and attention of Chairman HOLLINGS and the members of the committee. Since that time, we have combined to the legislation, as he has told you, with previously introduced transponder legislation in which I was pleased and privileged to join him as a cosponsor, and we have before us today a comprehensive attempt to make our skies safer for the traveling public.

The technologies we are discussing now—the airborne collision avoidance systems and the altitude-encoding transponder—either exist now or are well on their way to being developed. Their installation on aircraft is crucial to avoiding another midair collision of the kind that caused the air to shudder in 1978 when a PSA airliner hurtled to the Earth in San Diego; and more recently, just 14 months ago, when we saw the tragedy of the Mexican airliner at Cerritos, CA.

Mr. President, in 1978 I spent the longest day of my life. I was then mayor of San Diego and was present at the scene of that incredible carnage. It is imperative that we here do all that we can to see to it that there is never another such day in anyone's life.

I want to take a minute to talk about the portion of the amendment dealing with the airborne collision avoidance systems—the radar technology which will warn airline pilots that they are running the risk of colliding with another plane. Similar legislation has been approved by the appropriate committees of the House of Representatives and will be debated on the House floor on Monday. Our legislation mandates the Federal Aviation Administration to require the installation and use of airborne collision avoidance systems, commonly known as TCAS, in commercial aircraft. Unlike so many proposals to reform our air traffic control system, the House bill has been endorsed by all segments of the aviation industry, and our proposal is not much different.

The Federal Government, in a cooperative effort between the Congress and the FAA, must take steps to lessen the risk of flying—a risk which has risen due to a growing air travel industry and an air traffic control system which has lost the public's confidence. According to the Nation's airlines, airline passenger traffic has grown by 87 percent during the past decade, aircraft departures have increased 30 percent during that time, and, currently, U.S. air carriers have over 400 aircraft on order and have options for 500 more—this at a time when the average aircraft in the 1986 fleet is some 18

percent larger than those in service 10 years ago.

Yet, Federal spending for air traffic safety has not kept pace with this growing need. The flying public continues to pay the aviation ticket tax, shippers pay the cargo tax, and the Federal Government is sitting on \$5 billion of uncommitted funds in the aviation trust fund. At the same time, there are 2,600 fewer air traffic controllers now than there were before the PATCO strike, pilot-reported near midair collision reports have grown some 25 percent in 1987 compared to last year, and passenger complaints about service, as well as safety, have become so frequent that they are replacing the weather and challenging sports as the most common topic of discussion among travelers.

The Senate Commerce Committee, on which I am privileged to serve, has done well to report out the FAA reauthorization bill which we are debating now. The committee has also debated and approved legislation dealing with aviation consumer issues, and a bill to increase criminal penalties for violators of FAA regulations. However, the committee has not yet approved legislation dealing with aviation technology and safety issues. Therefore, I am pleased to join with my chairman and ranking Republican to mandate the FAA to develop an airborne collision avoidance system for commercial aircraft—equipment to warn pilots of imminent midair collisions.

Specifically, this amendment would require that the FAA develop a collision warning system known as TCAS II. TCAS II would warn commercial pilots that their present course would result in a midair collision, and that they should either climb or descend to avoid an incident. Although collision warning systems have been in development for almost 30 years, the FAA has only recently started to test them on aircraft. This amendment would require that TCAS II be installed on all noncommuter commercial planes within 4 years. In addition, we would require that this collision avoidance system be readily upgradeable to a more sophisticated system, known as TCAS III, which would give pilots the option not just of climbing or descending, but also of turning left or right.

Just as important, this amendment would require that all airplanes flying in high traffic density areas be equipped with transmitters which automatically report the plane's location and altitude to ground controllers. TCAS II and III cannot work without this complementary equipment in general aviation and commuter aircraft. For this reason, I am pleased that we have introduced this amendment which also requires that the FAA to develop a rule that all aircraft flying near the busiest 200 airports have such equipment.

Mr. President, with the mode C altitude encoding transponder and the



TCAS systems, we will be able to assure those who are flying in America's skies that they will have the benefit of the latest in technological safety devices and I am proud to offer this with my distinguished colleagues.

All segments of the aviation community must work with the Federal Government to ensure that our skies are as safe as possible. Without such cooperation, the Congress faces an even harder road leading to safer skies.

I urge my colleagues to vote for this important amendment. We must see to it that there is not, again, a San Diego, or Cerritos. That is intolerable while it remains within our power to alter the situation and make the skies safer.

Thank you, Mr. President. I yield the floor.

Mr. BYRD. Mr. President, I am pleased to join Senators HOLLINGS, DANFORTH, and WILSON as a cosponsor of this amendment. This has not been a very good year for aviation safety. While the Administration sanguinely reports that the number of actual accidents are down, all of the indicator lights are flashing yellow: Near midair collisions last month were up 36.5 percent over last year. Even more disturbing is the fact that 50 percent of these near midair collisions now involve air carriers. In addition, operational errors are up 8 percent, and pilot errors are up 53.6 percent. If we heed these warnings now, perhaps we can avoid another tragedy like the one we just experienced in Detroit.

Mr. President, this amendment will set deadlines and provide funding that will speed the introduction of a new generation of safety technology. It will require FAA to certify and commercial aircraft to install TCAS II, the state-of-the-art traffic alert and collision avoidance system, in a form that can later be upgraded to TCAS III. This is a wise policy that takes advantage of the best safety technology now available without precluding even more dramatic safety improvements in the future.

But TCAS can only avoid collisions with aircraft equipped with altitude-reporting transponders. Thus, this amendment requires transponders on all aircraft operating in controlled airspace. The FAA Administrator may make exceptions to this rule only if safety can be guaranteed.

The 2-year deadline for transponders and the 4-year deadline for the installation of TCAS mean that we will see dramatic safety improvements in the near term. In the meantime, FAA will be pressing ahead to develop even more advanced systems.

I urge my colleagues to heed the warning signs and support this amendment.

#### MODE C TRANSPONDER REQUIREMENTS

Mr. HEFLIN. Mr. President, I rise with some reservations about the Hollings-Danforth amendment to require automatic altitude reporting transponders in all aircraft entering TCA's, ARSA's, and TRSA's.

Obviously, transponders with the so-called mode C altitude encoding capability should be required in terminal control areas due to heavy density of large air carrier aircraft. It is unreasonable, however, to require general aviation aircraft in States like Alabama to pay for this sophisticated equipment when substantial amounts of Alabama's airspace are not covered by FAA radar, and traffic density is low.

Let's not forget that the controller at Mobile and Birmingham can positively identify general aviation aircraft and obtain and monitor their altitudes because two-way radio contact is already required in that airspace and radar gives the location of aircraft, even without transponders.

S. 1134, under consideration here today, has many solutions to the problems of aircraft separation but this quick fix is not necessary or cost-effective for the occasional users of ARSA's and TRSA's.

My constituents who regularly fly under instrument flight rules, or operate in and out of truly dense airspace, already have sophisticated equipment.

Until the new computers and additional controllers can be brought on board, we may be oversaturating the controllers with unnecessary information which they can't adequately use.

Unfortunately, this amendment would cost many aircraft owners in rural States like Alabama somewhere between \$500 and \$2,000 for marginal, if any safety enhancement, to occasionally fly to areas like Montgomery, Mobile, and Birmingham.

While I support the sponsors' efforts to protect the traveling public, I hope we can give the FAA the flexibility to determine the necessity of mode C in ARSA's and TRSA's, taking into account the radar coverage in other airspace in rural areas, so as to not require high cost equipment for general aviation with very limited value to the user of air traffic controllers.

The PRESIDING OFFICER. Is there any further debate on this amendment?

Mrs. KASSEBAUM. Mr. President, if I may just comment for a moment because I know that there are many who have thought this through very carefully. It is an important safety issue. If I could have offered any comment it would have been perhaps that the FAA would have had broader discretion defining the areas of density and areas of travel in which the transponder would be required. But I think certainly on the whole that a lot of time has gone into this and there certainly is no objection on this side of the aisle.

Mr. FORD. Mr. President, there is no objection to the amendment on this side.

The PRESIDING OFFICER. Is there any further debate on this amendment?

Mr. HOLLINGS. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Is there any further debate on this amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 1067) was agreed to.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

#### AMENDMENT NO. 1068

(Purpose: To improve air service to certain small communities)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska (Mr. Exon), for himself, Mr. BAUCUS, Mr. BURDICK, Mr. ROCKEFELLER, Mr. BYRD, Mr. MELCHER, Mr. DASCHLE, Mr. SIMON, Mr. MATSUNAGA, Mr. GORE, Mr. DURENBERGER, Mr. GRASSLEY, Mr. MITCHELL, Mr. ADAMS, Mr. MOYNIHAN, Mr. WIRTH, Mr. PRESSLER, Mr. BUMPERS, Mr. CONRAD, Mr. MURKOWSKI, Mr. BINGAMAN, Mr. GARN, Mr. BOREN, Mr. KARNES, Mr. HECHT, Mr. HATCH, Mr. BOSCHWITZ, Mr. REID, Mr. WALLOP, and Mr. HARKIN, proposes an amendment numbered 1068.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. 19. (a) This section may be cited as the "Small Community Air Service Improvement Act of 1987".

(b) As used in this section, the term—

(1) "air carrier" has the meaning given to such term in section 101(3) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1301(3));

(2) "basic air service" means, with respect to points not in the State of Alaska—

(A) two daily round trip flights occurring on six days per week, with not more than one intermediate stop between the eligible point and a hub airport, which flights are scheduled to coincide approximately with the beginning and end of the business day;

(B) convenient connecting or single plane service at the hub airport to and from a substantial number of major destinations beyond such hub airport;

(C) service provided in aircraft large enough to accommodate estimated passenger and nonpassenger traffic at an average load factor for each such class of traffic of not greater than 50 per centum, except as provided in subparagraph (G) of this paragraph;

(D) service provided in aircraft with at least two pilots and two engines, unless, after October 31, 1978, no such aircraft have been employed in scheduled airline service for more than sixty consecutive operating days at such point;

(E) service provided with pressurized aircraft for operations which regularly exceed an altitude of eight thousand feet;

(F) service at fares which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points; and

(G) service provided by an aircraft with an effective capacity of at least 15 passengers unless, after October 31, 1978, aircraft with an effective capacity of at least 15 passen-



gers have not been employed from the eligible point for more than 60 consecutive operating days of scheduled airline services;

(3) "basic air service" means, with respect to points in the State of Alaska, service at reasonable fares and charges that is not less than that which existed in calendar year 1976 or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Secretary and the State agency of the State of Alaska, after consultation with the community affected;

(4) "eligible point" means any airport in the United States which is more than 50 statute miles by highway from a hub airport and for which a determination of essential air transportation has been made under section 419 of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389);

(5) "enhanced air service" means service whose quality exceeds basic air service to the extent that it would require payment of compensation under this section in excess of the compensation required for such basic air service;

(6) "hub airport" means an airport that annually enplanes more than 0.25 percent of the total annual enplanements in the United States;

(7) "new eligible point" means any airport which is not an eligible point that has been designated by a State or local government as a point to receive scheduled passenger air service under this section, if such State or local government has guaranteed to pay 50 per centum of the compensation paid to an air carrier for providing the air service specified by such State or local government; and

(8) "Secretary" means the Secretary of Transportation.

(c) The Secretary shall pay compensation to air carriers to the extent necessary to—

(1) assure that each eligible point receives uninterrupted basic air service;

(2) assure that each new eligible point receives air service of such type and quality as may be specified by a State or local government which has agreed to pay 50 per centum of the compensation paid to an air carrier to provide such service; and

(3) provide for enhanced air service at each eligible point whenever a State or local government or any other person has agreed to pay 50 per centum of the additional compensation paid to an air carrier to provide such enhanced air service.

(d) In selecting an air carrier to provide air service under this section, the Secretary shall give particular weight to such carrier's demonstrated reliability in providing scheduled air service and to such carrier's contractual arrangements with other air carriers to assure service beyond the hub airport in accordance with subsection (b)(2)(B) of this section. The Secretary shall pay compensation to air carriers providing air service from the hub airport to points beyond the hub airport where the Secretary determines that such compensation is necessary to assure such service. The Secretary shall also encourage the submission of joint proposals by two or more air carriers which reflect arrangements to maximize service for eligible points to and from major cities beyond the hub airport of such carriers.

(e) Arrangements for basic air service made under this section shall, to the extent otherwise consistent with this section, reflect the preferences of the actual and potential users of airline service at the eligible point. In determining such preferences, the Secretary shall give substantial weight to the views of elected officials representing such users. Any arrangement providing for enhanced air service shall include such provisions for enhancements as are prescribed by the governmental entity or other person

which has agreed to pay the non-Federal share of compensation and are otherwise lawful. The Secretary may require appropriate payment in advance or such other security to assure that the non-Federal share of compensation for air service under this section is made in a timely manner.

(f) An air carrier may not terminate, suspend, or reduce air transportation to any eligible point below the level of basic air service established for such point under this section unless such air carrier has given the Secretary, the appropriate State agency or agencies, and the communities affected at least 90 days notice prior to such termination, suspension, or reduction.

(g) If an air carrier has provided notice to the Secretary under subsection (f) of such air carrier's intention to suspend, terminate, or reduce service to any eligible point below the level of basic air service to such point, and if at the conclusion of the applicable period of notice the Secretary, despite diligent efforts, has not been able to find another air carrier to provide basic air service to such point, the Secretary shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide basic air service to such point, whichever first occurs. If at the end of such 30-day period the Secretary determines that no other air carrier can be secured to provide basic air service to such eligible point on a continuing basis, either with or without compensation, then the Secretary shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide basic air service to such eligible point on a continuing basis.

(h) If an air carrier is required to continue to provide service under subsection (g) of this section after the end of the required notice period, such air carrier shall be paid compensation by the Secretary for service beyond such period in an amount which is sufficient to cover its fully allocated actual costs plus return on used and useful investment (at market value) attributable to the service and the reasonably demonstrable cost of opportunities foregone as a result of being obliged to provide such extended service.

(i) The Secretary may incur obligations for the purpose of carrying out the provisions of this section from appropriations made for such purpose.

(j) In carrying out the provisions of this section, the Secretary shall invite the participation and comments of affected State and local governments to the maximum extent practicable. Arrangements made under this section shall be made by and in the name of the Secretary.

(k) Section 419(g) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389(g)) is amended to read as follows:

"(g) DURATION OF PROGRAM.—This section shall cease to be in effect after October 1, 1988."

(1) There is authorized to be appropriated, for fiscal year 1988, and each of the next following nine fiscal years, such sums as may be necessary for carrying out the provisions of this section.

(m) This section shall take effect on October 1, 1988, and shall remain in effect for the 120-month period following the date of its enactment.

Mr. EXON. Mr. President, along with Senators BAUCUS, BURDICK, ROCKEFELLER, BYRD, MELCHER, DASCHLE, SIMON, MATSUNAGA, GORE,

DURENBERGER, GRASSLEY, MITCHELL, ADAMS, MOYNIHAN, WIRTH, PRESSLER, BUMPERS, CONRAD, MURKOWSKI, BINGAMAN, GARN, BOREN, KARNES, HECHT, HATCH, BOSCHWITZ, REID, WALLOP, and HARKIN, I am offering an amendment to extend and modify the essential air service law.

Mr. President, we need to continue the Essential Air Service Program. The current law will expire in 1988. About 150 communities in 35 States are served by this law for their scheduled air service. The major reason always given in support of airline deregulation is that it has resulted in lower fares for the flying public. However, as the authors of the Airline Deregulation Act of 1978 recognized, deregulation would also result in loss of basic air service to many communities. The 1978 act did not intend a situation where "the right hand giveth" in the form of lower fares but "the left hand taketh away" in the form of losing air service. It would be no consolidation to say that prices are lower, once you drive for hours to get to your nearest airline connection.

The inclusion of the essential air service provision in the 1978 deregulation act strikes an important balance. Its purpose is to provide a modest amount of Federal assistance to retain a minimum level of air service for communities all across America. Basic air service is the lifeblood of our medium sized and smaller communities. Keep in mind that in many cases, these same communities have lost both their railroad passenger service and intercity bus service in the not so distant past. Loss of basic air service would be a crippling blow to their chances for economic development at a time when many of these communities are already struggling due to the state of the agricultural economy.

The present program has been important and needs to be continued, but as I stated earlier, it also needs to be improved. The amendment follows legislation I introduced earlier this year and extends the basic program for another 10 years, just as the first EAS Program was for 10 years. Second, it makes important changes in the program. In my opinion, the present law has been interpreted by both the former Civil Aeronautics Board and now the Department of Transportation to provide only the barest minimum level of air service. Often it is poorly timed, multiple stop service, and frequently involves small, eight-passenger aircraft. This has resulted in a drop in traffic at EAS cities while other airline traffic is growing tremendously. In many of the communities now receiving EAS subsidies, the amount of the subsidies would be much less or none at all if air service in recent years had been of a higher quality and greater reliability, so as to attract and hold regular passengers. I know in Nebraska, the quality and reliability of service has been a major



problem that has caused a loss of passenger traffic. Improving the quality of service will improve the traffic volume and help make more of these EAS points self-sufficient, thereby saving dollars on the cost of this program. Accordingly, the amendment provides that EAS aircraft must have at least 15 seats, 2 pilots and 2 engines, and have pressurized cabins above 8,000 feet. Also, the aircraft are to make no more than one intermediate stop between an EAS city and a hub city. Flights are to be scheduled on 6 days per week, instead of only 5 days per week as of now. The special rules applying to Alaska in this regard are not changed.

Finally, I do want to comment that I hope the administration will cooperate with our efforts to make constructive changes. The only specific criticism of the current program by the administration brought to my attention is that cities very close to hub cities should not be eligible. I could not agree more. In the spirit of cooperation, my amendment addresses this objection by the administration to the current program. Under the amendment, cities within 50 miles of a large or medium hub city will not be eligible for the Essential Air Service Program. I think this is fair, addresses the administration's concerns, and will help hold down costs.

Mr. President, I ask for the support of my colleagues on this amendment.

Mr. President, legislation very, very similar to this legislation that I brought forth and had printed in the *Record* some time ago, and have talked about on frequent occasions, has passed the House of Representatives overwhelmingly, only 14 or 15 votes in opposition. Therefore, I hope that we can move forward expeditiously on this matter rather than holding it up. I would hope that the Senate would quickly approve the amendment which has a substantial number of co-sponsors that I have indicated who support this legislation enthusiastically.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further debate?

Mr. HEFLIN. Mr. President, I rise in support of this amendment. I feel that the adoption of this legislation is vital for the continued development of many of our smaller communities.

It is easy to see that common carrier service to the small, growing communities is essential for the continued growth and maintenance of the communities. Due to the decline of rail and bus service to small communities, air service is of vital importance to the survival of these communities. Without the continuance of the Essential Air Service Program, many of the small, rural communities that don't live within driving distance to a medium or larger hub city would find it difficult to attract new business and industry.

However, the enactment of the Airline Deregulation Act of 1978 threatened to remove service from small communities. In response to this threat, Congress enacted the Essential Air Service Program. This program has helped ensure the continued air service to those cities which had air service before deregulation. This program has served the Nation well and must be continued.

Mr. President, I strongly urge my colleagues to adopt this amendment.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I certainly understand and appreciate the interests of the Senator from Nebraska [Mr. Exon] regarding essential air service and I understand the importance of it to the State of Nebraska. It is also important to Kansas and it is important to many of the States.

Mr. President, I would like to give a little history, however, about essential air service for a moment and why I have some reservation about the expansion of the Essential Air Service Program at this time.

First, the existing authorization for essential air service does not expire until October 1, 1988, almost a year from now.

I think before we expand the program at this point we should understand a little bit about how it came into being.

EAS is an important program, and as such I believe it deserves the extensive formal consideration that can only be achieved through the normal process of committee deliberations. Unfortunately the Aviation Subcommittee has been overloaded with pressing aviation issues this year, and—as I said—because the EAS authorization does not expire until next October, the committee believed the matter could be handled next session.

It was originally authorized as a transition program when the airline industry was deregulated in 1978. The Deregulation Act permitted airlines to terminate air service without Government approval as a part of route deregulation. Because of congressional concern that some communities would lose all air service, section 419 of the act guaranteed all communities then receiving service would continue to receive that service. In cases where it would not be profitable for an airline to provide such service, Congress authorized a temporary, direct subsidy.

Essential air service was enacted to bridge a 10-year transition period from regulated to deregulated air service. That 10-year transition period will expire in October of next year.

What we need to do is make two basic decisions about essential air service.

First, do we want to convert a program that was designed as a transition program into a permanent Federal subsidy? If the answer to that ques-

tion is yes, we must decide what the conditions and format of that subsidy should be.

I would think, Mr. President, that we would better serve the interests of those communities now receiving essential air service if we gave the issue more in-depth consideration than it is apparently going to receive. I am concerned, for instance, that the communities in Kansas that receive essential air service subsidies really still have to pay such high air fares because there are not the numbers of people traveling by air from these communities, that while they need this type of transportation really it is not readily available to many because of the costs. I think we have to look at that as one of the considerations.

As the EAS Program currently exists, it falls far short of meeting the needs of the local communities it was designed to serve. I think the number of passengers that are carried by EAS subsidized carriers has fallen dramatically since the program began in 1978.

Having said these things, Mr. President, let me lay out my specific objections to the Exon amendment at this time. First, it makes substantial changes in the existing EAS Program without the benefit of committee deliberations, although we did have one hearing that reviewed various aspects of the program. And then reauthorizes the substantially modified program for a period of 10 years. Under this amendment, essential air service would not terminate until the first day of fiscal year 1999.

The second difficulty I think is that it greatly expands the entitlement nature of the existing program. There are currently 133 communities getting a Federal subsidy for the air service that they receive. Providing that service is currently costing the Federal Government \$24 million a year—not a large sum in light of our total \$1 trillion budget, that is true. The Exon amendment has the potential for greatly expanding the number of points to which service is provided, the amount of service—in terms of the number of flights—provided to any given community, and the overall cost of the program.

While I realize that the Exon amendment provides for a cost-sharing arrangement when service is increased, the increased cost to the Federal Government will still be substantial. The Congressional Budget Office estimates this proposal would increase the cost of the EAS Program by \$35 to \$40 million in fiscal year 1989.

Mr. President, there will be and there is sufficient justification for Congress to continue, I think, and possibly even modify, the current program. In Alaska, for example, there is little doubt that essential air service is a vital transportation link. In those areas where air service is truly essential, Congress may decide that continued subsidized service is warranted.



Unfortunately, there is no easy, clear-cut way for determining that subsidized air service is truly essential and where it is simply convenient. That determination, essential service versus convenient service, must be and I think would be a primary concern of the Aviation Subcommittee if the program were reauthorized under normal committee procedures.

These are some of the concerns that I have, Mr. President.

I will raise some more as the debate continues, but I will yield the floor at this time.

Mr. BAUCUS. Mr. President, compared to some of the other issues that come before this body, the Essential Air Service Program may seem like small potatoes. But for remote communities in the heartland of this country, it is extraordinarily important.

Airline deregulation has made it harder for rural communities to attract new jobs and keep the ones they have. EAS cushions the blow. That's why it's important for us to reauthorize EAS now.

Rural America remains in the grip of an economic crisis.

We have had glittering growth rates on the coasts, but economic depression in the heartland. Farmers, ranchers, miners, and timbermen are struggling to survive.

This is an economic tragedy. As Franklin Roosevelt said, "This Nation cannot survive if it is half boom and half bust."

Part of the answer is increased exports and higher commodity prices.

But another part of the answer is helping rural communities diversify their economies, so they do not have to depend so heavily on natural resource industries.

For that, we need a good transportation system.

That does not just mean highways and railroads. In this day and age, air service is not a "frill." It is just as important to economic development as highways were 30 years ago.

Companies will not locate in places that do not have good air service. This is especially true for the tourism and high-technology industries that rural communities are trying hard to attract.

Unfortunately, airline deregulation has set us back.

In rural America, airline deregulation has been a bust.

Since deregulation, seven Montana cities have lost jet service, and air fares have risen dramatically. In 1978 you could fly from Billings to Washington, DC for \$156. Today the same ticket will set you back \$337, a 116-percent increase. Fares to New York, San Francisco, Denver, and Seattle have risen by similar amounts.

The same is true in rural communities across the country. Businesses face:

Flight delays and economic cancellations; reduced or abandoned service; inconvenient scheduling; decreased passenger safety; and higher fares.

These are only the direct costs. The indirect costs include:

Increased costs and inconvenience of doing business; a decreased ability to attract capital; a decreased ability to attract new businesses and industries; a decreased ability to attract Federal investment dollars; decreased tourism opportunities; and an overall decrease in the quality of life and standard of living for those who live and work in rural communities.

Since 1978, the Essential Air Service Program has provided modest funding to guarantee minimum air service to 148 rural communities. In Montana, EAS applies to Wolf Point, Sidney, Glendive, Miles City, Havre, Lewiston, Glasgow, and West Yellowstone.

Mr. President, EAS is essential.

It is an economic lifeline for the communities it serves. Without it, most would lose their air service.

This would be a major blow to rural America. The future of these EAS cities is tied to the future of EAS.

For example, Wolf Point, MT, is one of the most isolated communities served by the Essential Air Service Program. Wolf Point is located in a county that is half the size of Massachusetts. The nearest hub airport is over 325 miles away. Can you imagine having to drive from Washington to Hartford, CT, to catch a plane?

Without air service, Wolf Point would be economically isolated. In addition, medical, postal, and supply services would be dramatically curtailed.

The EAS Program is scheduled to expire next October. It is essential that we reauthorize it this year.

Air carriers, business, and community leaders need to plan for the future. It would be unwise to put these small communities through the stress and uncertainty of a race-against-the-clock reauthorization next year.

For about \$40 million annually, we have cushioned the shock of airline deregulation and helped keep 148 isolated rural communities economically alive. That is money well spent.

In addition, we can improve the program to provide better scheduling, equipment, and marketing. Our amendment reforms the EAS Program to make many of these changes.

Mr. President, for Montana and many other areas in this country's heartland, air service is critical to economic development. We are charting a course for a new economic future.

An enhanced and extended program benefits Montana. It benefits rural America. It benefits all of us.

But, at the same time, I must point out that EAS is not a panacea. It only maintains the current level of service, which is not adequate to meet all of our economic needs. We need to develop other programs to bring decent air service back to rural America. But today's amendment is a start.

Now, the Senator from Kansas has raised a couple of objections. With all respect to the Senator from Kansas, I

think they are fairly minor. One point the Senator from Kansas makes is that this amendment authorizes EAS to 1998. That is right, it does. In the meantime, if Congress in its wisdom thinks there should be changes, we can always cut back on EAS, we can make whatever changes we want to make.

For the sake of these small communities in America, they need the security, they need the assurance, they need to know that they can have air service so they can attract capital, so they can attract business, so they can attract tourists, so their senior citizens can travel, so they are not stranded, so they do not continue to decline. They need that assurance.

As I say again, we can always amend the legislation later on if in our judgment there should be other changes. I do not think the 10-year extension is bad. I think it is good. I think it is necessary.

Point No. 2. Maybe the current \$24 million might be slightly increased by this amendment. I ask you what is so wrong with that when the service in these communities is so abysmally poor? We spent \$6 billion on the metro system in Washington, DC, \$6 billion. Eighty percent of that is taxpayers' funds. Only 20 percent of that is fares. If we can spend \$6 billion of taxpayers' funds for a metro system in Washington, DC, I think we can spend \$24 million, maybe \$30 million more for rural America.

Airline service in this country needs dramatic revision. I introduced an amendment calling for a commission to study the effects of economic deregulation of the airline industry. We all know that we have to study the economic effects of the deregulation of the airline industry, and one part of that is the effect on rural America.

I strongly support the amendment of the Senator from Nebraska, and I hope the Senate resoundingly approves it. I yield the floor.

Mr. CONRAD. Mr. President, when Congress adopted the Airline Deregulation Act of 1978 it recognized the importance of providing air service to small cities in rural or isolated areas. Congress made a commitment by guaranteeing essential air service to small cities which might have otherwise lost scheduled air service. That 10-year commitment ends October 23, 1988.

Congress guaranteed essential air service in 1978 because it envisioned subsidy free air service for EAS communities by the end of the 10-year authorization. Unfortunately, that congressional commitment dissolved into indifferent administration of the program, which in turn led to indifferent service to the cities involved. The Civil Aeronautics Commission and Department of Transportation policy of providing minimum service and minimum equipment for EAS cities led to declining passenger traffic. EAS communities have not achieved subsidy free



status as a result of the administration of the program. In fact, virtually all EAS cities would lose scheduled air service in 1988 because they are not self-supporting as envisioned by the original authorization.

Discontinuing EAS as it now stands was not the original intent or goal of Congress when the Airline Deregulation Act of 1978 was passed. We need to give EAS supportive administration in order that small cities have a realistic chance to develop efficient air service. Improved scheduling and proper equipment will help reach the goal of self sufficiency and meet the commitment of Congress. A high percentage of EAS communities can become self-sufficient with proper administration and dedication to improving service for the communities.

Elimination of EAS would be disastrous to the cities involved. In North Dakota, our economy has never fully recovered from the effects of the 1982 recession. Railroad lines have been abandoned, bus services have been terminated or reduced, and all cities are feeling the crunch of reduced Federal revenues. Without essential air service, many North Dakota cities will be completely cut off from fast access to emergency medical services and other services that most of us take for granted. Many of the elderly in North Dakota will have only the automobile as their transportation means for traveling hundreds of miles.

Economically, the discontinuation of EAS could effectively sound the death knell for the North Dakota cities involved. While still reeling from the farm crisis, the loss of air service to these communities would reduce to zero their chances of recovery by attracting business development.

In an age of instantaneous communication and technological breakthroughs, it is inconceivable that we are isolating our rural communities and returning them to a bygone era. I urge my colleagues to support the continued authorization of essential air service, and to fulfill the original commitment and goal of Congress.

Mr. EXON. Mr. President, I have listened with interest to the statement and arguments by my friend and colleague, the Senator from Kansas. Anything we ever do around here, of course, can be second-guessed—some legitimate questions, some legitimate complaints. Some of those the Senator from Kansas has raised. Rather than dwell on the negative, however, I think we should dwell on the positive aspects of this program. I think we should realize what the additional costs would be, and I for one, as the introducer of this amendment, and the cosponsors, recognize that this is not necessarily free.

The answers to the questions raised in the comments by the Senator from Kansas are, No. 1, the secret to the success of this program and keeping down costs is to recognize that one of the difficulties we are experiencing

right now with service that would attract the traveling public is that the Essential Air Service Program is so inadequate at the present time that it keeps passengers in rural areas from using their local airports because of the basically lousy service.

The Senator from Kansas evidently suggests that since this program is already authorized for another 2 years, why do we not just let nature take its course and make a determination later.

Mr. President, that is the wrong kind of reasoning, I suggest. And that is the reason that mayors in the rural communities of America have united unanimously, I think, almost, in support of a longer range view and outlook of this program. If we allow this program to falter along for another 2 years under its present course, the assumption will naturally be, and properly so, from the air traveling public, that that will be the end of the program. The way the matter is being handled right now, in all probability, even this Senator would agree that if we are not going to do more than what we are doing now, unless we can look further than 2 years from now, we are guaranteeing that this program will end in 2 years from now, and properly and possibly it should.

The point being made by the National Committee of Cities and States for Airline Service, of which the mayor of Scotts Bluff, NE, is a key player and had a key role in the introduction of this legislation, simply says that we need to send a clear, reasonably financed signal for a 10-year period if we are ever going to turn around the decline in passengers in substantial portions of our rural communities.

Putting that in another context, Mr. President, unless we move now to look into the future and make a commitment to the future, then I suggest that we are doing a disservice indeed to our rural communities.

With regard to cost, there has been some talk about costs of this program this morning. I want to put that in perspective. I have here in my hand a letter from the Congressional Budget Office to me where I inquired as to the cost of this program.

I ask unanimous consent that this letter from Mr. Edward M. Gramlich, Acting Director of the Congressional Budget Office, be printed in the Record in full immediately following my remarks.

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

(See exhibit No. 1.)

Mr. EXON. In that letter, CBO says to this Senator:

S. 582 would authorize a new small community air service program that would cost, when fully implemented, an estimated \$10 million to \$15 million more per year than the current program.

I happen to feel as do the mayors involved in this that if we can have the foresight to move ahead to a commitment for an additional 10 years that

that subsidy, the CBO says would be \$10 to \$15 million more per year than the present program, would be considerably less than that because the idea of implementing this and look to the future with some assurance that it would improve not only the quality of service but also would attract more airlines to put the right type of equipment and have the right schedules into these airports with some degree of assurance that they could have a reasonable return on their investment over a period of years.

I would simply point out, Mr. President, that if this legislation is not passed as it has been overwhelmingly in the House of Representatives—and I would simply say that service is not going to improve, service is going to continue to wind down and deteriorate so that we would have no option a year from now and certainly not 2 years from now to rekindle the program.

What we are trying to do with this proposition is simply to say that we have a program out there that was not well designed. We have made changes in the program that may cost under the estimates by CBO but a little bit more money than the present program. I do not think it is going to be that much. But since CBO is not enthusiastically for this program, I think it would be safe to say that they have not underestimated the cost. But even going along with their cost of \$10 million to \$15 million more per year for this current program, even if that would happen, Mr. President, is it too much to ask that in a \$1 trillion-plus budget somehow, somewhere we can find or save an additional \$10 to \$15 million if that becomes necessary to help assure the future of rural America that is certainly a have-not portion of our society today.

There has been some question made about how far this has been considered. I would simply say, Mr. President, that we held an extensive hearing on this in the subcommittee. It has been thoroughly discussed by the Subcommittee on Aviation, and the Commerce Committee which overwhelmingly supports it. It has been already endorsed almost unanimously by the House of Representatives. I just hope all can recognize and realize that this is something positive, a positive signal to send to rural America. And I would hope that it would be accepted by the Senate.

Mr. President, I yield the floor.

EXHIBIT No. 1

CONGRESSIONAL BUDGET OFFICE,  
U.S. CONGRESS,  
Washington, DC, April 2, 1987.

Hon. J. JAMES EXON,  
U.S. Senate, Washington, DC.

DEAR SENATOR: In response to your request, the Congressional Budget Office has reviewed S. 582, the Small Community Air Service Improvement Act of 1987. S. 582 would extend the current small community air service program through October 1990. The program currently expires in October



1988. In addition, the bill would authorize a new small community air service program for a period of ten years.

Relative to current law, CBO estimates that S. 582 would increase costs by about \$2 million to \$3 million in fiscal year 1988 and by \$35 million to \$40 million in 1989. CBO estimates that costs would be \$40 million to \$50 million annually over the following few years. Funding for this program requires appropriation, but the appropriation is considered to be mandatory.

S. 582 would authorize a new small community air service program that would cost, when fully implemented, an estimated \$10 million to \$15 million more per year than the current program. The new program would require that aircraft have a minimum of 15 seats, be pressurized above 8,000 feet, have an average load factor of not greater than 50 percent, and make no more than one intermediate stop between an eligible point and a hub city. There would be some minor cost savings by eliminating those points that are within an hour's drive of a hub city.

CBO's estimate is based on the assumption that it would take two years to phase in the new program, and that the phase-in period would begin early in fiscal year 1988. Therefore the full costs of the new program would not be incurred until 1990. Added costs resulting from S. 582 would also be lower in fiscal years 1988 and 1989 than in subsequent years because, under current law, the present small community air service program would continue in effect through October 1988. Therefore, the costs of S. 582 for fiscal years 1988 and 1989 would be the increase over spending for the current program, while the cost of bill in later years would be the full cost of the new program.

CBO's estimate includes some costs for enhanced air service (including basic air service to otherwise ineligible points), which are particularly difficult to estimate because they would depend entirely upon the extent to which communities would take advantage of this option. Enactment of this legislation would affect the budgets of state and local governments only to the extent that they opt for this enhanced air service, for which they would pay 50 percent of the costs.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

EDWARD M. GRAMLICH,  
Acting Director.

Mr. DASCHLE. Mr. President, I am pleased to have the opportunity to rise in support of the amendment being offered by my distinguished colleague from Nebraska. As a cosponsor of this amendment, I am fully aware of the need for extending the Essential Air Service Program.

South Dakota has seven EAS communities—Aberdeen, Brookings, Huron, Mitchell, Pierre, Watertown, and Yankton. One of seven South Dakotans reside in a town affected by the EAS Program. As you can see, the impact this program carries in my State is immense.

The economic crunch being felt so severely on Wall Street the past 2 weeks has been a reality in rural America for years. The impact of the farm crisis and the recession it created, not only in my State but in the home States of many distinguished Members of this body, has been dras-

tic on the economies of many rural State communities.

I am proud that South Dakota has taken aggressive steps to the economic challenges it faces. Last week, a Taiwan trade delegation visited our State to discuss buying South Dakota products. Further, numerous businesses are looking at South Dakota for locating their businesses. But these efforts to revitalize our battered economy will be dealt a critical blow without essential air service.

This factor was exemplified during hearings earlier this year on essential air service, when a South Dakotan from the EAS community of Brookings explained that daily reliable air service to Minneapolis was a primary factor in that city's ability to attract the 3-M company's medical product division. This example is the rule, not the exception, in economic development for rural States. The importance of the Essential Air Service Program cannot be overemphasized in this effort.

EAS is also vital to providing adequate transportation options to South Dakotans. With nonexistent passenger rail service and very limited interstate bus service, South Dakotans need and deserve the option that EAS provides.

This amendment extends the EAS Program for 10 years, and modifies provisions of the EAS Program to allow for enhancing the program in South Dakota and other rural States. I strongly urge my colleagues to support this important amendment.

Mr. BURDICK. Mr. President, I cannot emphasize enough the importance of the amendment offered by the Senator from Nebraska concerning essential air service.

This service is like lifeline for rural America. It is not an option, but rather a necessity. Essential air service is that one vital service that moves not only people, but also communication and commerce to towns in rural States.

The move to deregulate the airlines in 1978 started the push for very high priority on the busiest and most profitable routes. Essential air service ensures that small, less profitable routes are not abandoned.

The cities of Devils Lake, Jamestown, and Williston, ND, are served by essential air service. These communities are committed to quality air service and pledge their support to maintain their airports.

Many of our Nation's small towns are feeling the effects of an economic decline. In order to attract new business and new residents there must be some amount of air service.

We can ill afford to jeopardize this vital service. We must act to extend the Essential Air Service Program. I ask my colleagues to join me in support of this amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agree-

ing to the amendment of the Senator from Nebraska.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, we have several Members that are elsewhere, at the summit and so forth, who have amendments to this bill that are acceptable to both sides. I have discussed it with the distinguished Senator from Nebraska. He is willing for us to set his amendment aside temporarily so we might take up two amendments, one by the distinguished chairman of the Finance Committee, Mr. BENTSEN, and one by the distinguished chairman of the Budget Committee, Mr. CHILES.

If the Chair will forgive me for changing the schedule, it alters the arrangement I have had with some of the other Senators. But I think they understand. So, Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

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

Mr. BENTSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

#### AMENDMENT NO. 1089

Mr. BENTSEN. First, I thank the distinguished manager of the bill, and my good friend from Nebraska for his courtesy in this regard. What I have here is an amendment that would help citizens of the Southwest region, particularly of Laredo, TX. It is in the House bill. It provides the statutory mechanism for the airport authority there to rent space at the airport at below market costs in order to establish a commercial base there.

I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. BENTSEN] proposes an amendment numbered 1089.

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

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

The amendment is as follows:

At the end of title I of the bill, insert the following new section (and conform the table of contents of such title accordingly):

#### SEC. 121. RELEASE OF RESTRICTIONS.

(a) GENERAL RULE.—Subject to subsection (b), in recognition of the benefits to the public, the city of Laredo, Texas, and its successors and assigns, are hereby released from all terms, conditions, reservations, and restrictions contained in the instrument of disposal dated February 12, 1975, by which the United States conveyed the property on which the Laredo International Airport, Laredo, Texas, is located to such city to the extent that such terms, conditions, reservations and restrictions apply to the portion of such property consisting of approximately 680.1586 acres of land which is designated under the 1985 master plan and land use



plan for the Laredo International Airport as being available for nonaviation purposes.

(b) **CONDITIONS.**—The release granted by subsection (a) shall be subject to the following conditions:

(1) All revenues derived from the property to which such release applies shall be used for development, improvement, operation, and maintenance of the Laredo International Airport.

(2) The use of property to which such release applies shall not interfere with the operation and maintenance of such airport.

(3) Property to which such release applies may only be rented or leased if the term of the rental or lease agreement is 20 years or less and if compensation which is not less than—

(A)  $\frac{1}{4}$  of fair market value is received in the case of a rental or lease agreement for a term of 10 years or less; and

(B)  $\frac{1}{2}$  of fair market value is received in the case of a rental or lease agreement for a term of more than 10 years.

(4) Property to which such release applies may only be transferred if compensation which is equal to or more than fair market value is received.

(5) The city of Laredo, Texas, shall provide to the Administrator of the Federal Aviation Administration—

(A) an accounting and management plan acceptable to the Administrator for managing the Laredo International Airport general fund; and

(B) an explanation of the management by such city of such general fund in calendar years beginning after December 31, 1977, and ending before the date of the enactment of this Act.

(C) **IMPLEMENTATION.**—The administrator of the Federal Aviation Administration shall take such action as may be necessary to carry out the provisions of this section.

Mr. BENTSEN. Mr. President, I am pleased to offer an amendment to assist the citizens of the Southwest region of my State out of its economic slump. This amendment, which is in the House bill, is to eliminate certain deed restrictions applicable to the nonaviation portion of the Laredo International Airport in Laredo, TX. These deed restrictions have served to inhibit the growth in the vicinity of the airport, and this amendment is an effort to solve this problem.

Mr. President, the airport at Laredo is a former Air Force base. It was given to the city of Laredo under an agreement in which the Federal Government can reclaim title to the land. The amendment I am offering permits the lease and rental of the nonaviation portions of the airport at less than fair market value for the development of an industrial park. The bill does not permit land to be sold at below market value. It stipulates that none of the land on airport property can be sold or transferred at below market value.

The city of Laredo, along with the rest of my State, is involved in innovative economic development measures. By permitting the lease of nonaviation airport property, it will allow the city of Laredo to move forward with its plans to develop an industrial park, which will increase commerce in the area. This will have the effect of creating jobs in an area where jobs are most needed.

I should also point out that this activity will not affect airport operations in any way. All of the airports runways, tower, terminal areas, and other essential aviation portions of the airport are preserved and any interference with essential activities is prohibited. The FAA is authorized to take such action as is necessary to carry out the provisions of this amendment.

The amendment is in the House bill. It was put in the House bill by my good friend Congressman BUSTAMANTE. Mr. BUSTAMANTE has pushed this issue for several months now, and I am pleased to complement his Herculean efforts here in the Senate. It is a testament to his persistence and commitment to his constituents in the Southwest region of our State that this matter has finally come to fruition. Mr. President, the bill has been cleared on both sides.

Mr. President, I have discussed this amendment with the managers of the bill on both sides of the aisle. It is my understanding that they have no objection to it. I urge its adoption.

Mr. FORD. Mr. President, the Senator is absolutely correct. There is no objection on this side to his amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mrs. KASSEBAUM. There is no objection on this side of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. BENTSEN].

The amendment (No. 1069) was agreed to.

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

Mr. FORD. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I ask unanimous consent that the amendment by the distinguished Senator from Nebraska be temporarily set aside for the purpose of taking up an amendment by the Senator from Florida [Mr. CHILES].

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

#### AMENDMENT NO. 1070

(Purpose: To promote safety in navigable airspace)

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. CHILES] proposes an amendment numbered 1070.

Mr. CHILES. 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 2, strike out lines 15 and 16 and insert in lieu thereof the following:

(10), as so redesignated, and inserting in lieu thereof a semicolon;

On page 2, strike out line 23 and insert in lieu thereof the following:

extent; and  
“(12) it is in the national interest to insure that nonaviation usage of navigable airspace be accommodated, but not allowed to decrease the safety and capacity of the airspace and airport system this title is developing.”

On page 4, between lines 17 and 18, insert the following new sections:

Sec. 3A. Section 504(a) of the Airport and Airway Improvement Act of 1982 (49 U.S.C. 2203(a)) is amended—

(1) by designating the existing text as paragraph (a)(1); and

(2) by adding at the end thereof the following new paragraph:

“(2) As soon as feasible following the date of the enactment of this paragraph, the Secretary shall, in reviewing and revising the plan, take into account tall structures which reduce safety or airport capacity. In addition, the Secretary, in carrying out such review and revision, shall make every reasonable effort to address the legitimate needs of air cargo operations, and STOL/VSTOL and rotary wing aircraft operations.”

Sec. 3B. Section 1101 of the Federal Aviation Act of 1958 (49 U.S.C. 1501) is amended to read as follows:

“HAZARDS TO SAFE AND EFFICIENT AIR COMMERCE AND THE PRESERVATION OF NAVIGABLE AIRSPACE AND AIRPORT TRAFFIC CAPACITY

“Sec. 1101. (a) The Secretary of Transportation (hereinafter in this section referred to as the ‘Secretary’) shall, by rules and regulations, or by order where necessary, require all persons to give adequate public notice, in the form and manner prescribed by the Secretary, of the construction or alteration, or of the proposed construction or alteration, of any structure where notice will promote safety in air commerce as well as the efficient use and preservation of the navigable airspace, and airport traffic capacity at public-use airports.

“(b) Where the Secretary determines, according to rules and regulations, that the construction or alteration of any structure may constitute a physical obstruction in navigable airspace, the Secretary shall conduct an aeronautical study to determine the extent of the adverse impact, if any, on the safe and efficient use of the navigable airspace. Upon completion of such an aeronautical study, the Secretary shall issue a report fully disclosing the extent of the adverse impact on the safe and efficient use of the navigable airspace which the Secretary determines will result from the construction or alteration of a structure.

“(c) When conducting an aeronautical study to determine the impact of the construction or alteration of a structure, the Secretary shall thoroughly consider, according to rules and regulations, all factors relevant to the efficient and effective use of the navigable airspace, and shall specifically consider:

“(1) the impact on arrival, departure, and en route procedures for aircraft operating under visual flight rules;

“(2) the impact on arrival, departure, and en route procedures for aircraft operating under instrument flight rules;

“(3) the impact on all existing public-use airports and aeronautical facilities;

“(4) the impact on all planned public-use airports and aeronautical facilities; and



"(5) the cumulative impact resulting from the proposed construction or alteration of a structure when combined with the impact of other existing or proposed structures.

"(d) In the administration of laws relating to broadcast applications and the conduct of aeronautical studies relating to broadcast towers, the Federal Communications Commission and the Federal Aviation Administration shall take such action as may be necessary to efficiently coordinate the receipt, consideration of, and action upon such applications and the completion of associated aeronautical studies."

Mr. CHILES. Mr. President, I offer an amendment which will help make flying safer. It will help preserve limited airspace around our crowded airports and protect airspace for planned airport expansion. For the first time, it will require the Federal Aviation Administration to consider the effects of tall towers and other tall structures not only on safety but on air system capacity. Tall structures are dangerous in two ways. The first is the obvious danger they present to aircraft. In my State we have experienced a number of tragedies, the most recent a crash near the Venice Airport last February. A veteran pilot and his two passengers were killed.

The less obvious danger is the way tall structures affect aircraft operating under both visual and instrument flight rules. Towers effectively block out a large section of surrounding airspace. Over time, the cumulative effect can be very dramatic, as low-level enroute and airport approach and departure traffic must make allowance for the towers. By crowding that traffic into smaller airspace the chance of accidents is increased.

The effect can be expensive, too. For example, a tall structure may limit the usability of an instrument landing system that was paid for with several million dollars in Federal airport grant funding. And the problem is not only with existing airports and runways. Tall structures may block planned new airports and runways needed to meet growth in air traffic. That is a real, serious problem for States like Florida, where growth is unchecked and developments is taking its toll on available property.

For that reason I have been working with interested groups, the Commerce Committee, the Federal Aviation Administration, and the Federal Communications Commission to revise the basic statutes governing FAA review of tall structures. The amendment I am offering today is the result of that work, and I would like to thank the Aircraft Owners and Pilots Association, the National Association of Broadcasters, the National Association of State Aviation Officials and the Florida Department of Transportation for their good faith efforts.

The amendment asserts that a balance should be struck between aviation and nonaviation use of the Nation's airspace. It requires the FAA to fully disclose the impact of proposed structures on the Nation's airspace

system. It requires the FAA and the FCC to coordinate the review of broadcast license applications. These are sensible provisions, and I am pleased to offer them today.

Mr. FORD. Mr. President, this tall-tower amendment by the distinguished Senator is in order, and we approve it on this side.

Mrs. KASSEBAUM. It is approved on this side as well, Mr. President.

The PRESIDING OFFICER (Mr. KERRY). The question is on agreeing to the amendment.

The amendment (No. 1070) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I ask unanimous consent that the amendment of the Senator from Nebraska to temporarily set aside so that the Senator from Texas [Mr. BENTSEN] may offer an amendment.

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

#### AMENDMENT NO. 1071

(Purpose: To extend the Airport and Airway Trust Fund taxes, and for other purposes)

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. BENTSEN] for himself and Mr. PACKWOOD, proposes an amendment numbered 1071.

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

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

The amendment is as follows:

At the end of the bill, insert the following new title:

#### TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

##### SEC. 201. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the "Airport and Airway Revenue Act of 1987".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

##### SEC. 202. 4-YEAR EXTENSION OF TAXES ON TRANSPORTATION BY AIR; REDUCTION OF TAXES IN 1991 IF FUNDS REMAIN UNOBLIGATED.

(a) TAX ON TRANSPORTATION OF PERSONS BY AIR.—Section 4261(f) (relating to termination of tax on transportation by air) is amended to read as follows:

"(f) TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the taxes imposed by this section shall apply with respect to transpor-

tation beginning after August 31, 1982, and before January 1, 1992.

"(2) REDUCTION OF RATE IN 1991.—In the case of transportation beginning in 1991, if the unobligated balance in the Airport and Airway Trust Fund as of September 30, 1990 (as determined by the Secretary) exceeds \$3,000,000,000, then—

"(A) subsections (a) and (b) shall each be applied by substituting '4 percent' for '8 percent', and

"(B) subsection (c) shall be applied by substituting '\$1.50' for '\$3'.

"(3) TREATMENT OF OBLIGATIONS.—For purposes of determining the unobligated balance of the Airport and Airway Trust Fund under paragraph (2)—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an amount shall be treated as obligated when it is appropriated.

"(B) AMOUNTS OBLIGATED UNDER SECTION 505 OF AIRWAY IMPROVEMENT ACT.—An amount shall be treated as obligated under section 505 of the Airport and Airway Improvement Act of 1982 when such amount is authorized."

(b) TAX ON FUELS USED IN NONCOMMERCIAL AVIATION.—

(1) IN GENERAL.—Section 4041(c)(5) (relating to termination) is amended to read as follows:

"(5) TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the taxes imposed by paragraphs (1) and (2) shall apply during the period beginning on September 1, 1982, and ending on December 31, 1991.

"(B) REDUCTION OF RATE IN 1991.—In the case of any sale or use during 1991, if paragraph (2) of section 4261(f) applies during 1991, then—

"(i) paragraph (1) shall be applied by substituting '7 cents' for '14 cents', and

"(ii) no tax shall be imposed under paragraph (2)."

(2) REFUND OF FUEL TAXES ON NONCOMMERCIAL AVIATION.—

(A) IN GENERAL.—Section 6427 (relating to fuels not used for taxable purposes) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) GASOLINE USED IN NONCOMMERCIAL AVIATION DURING 1991.—Except as provided in subsection (k), if section 4041(c)(5)(B) applies during 1991 and—

"(1) any tax is imposed by section 4041(c)(2) or 4081 on any gasoline sold during 1991, and

"(2) such gasoline is used as a fuel in any aircraft in noncommercial aviation (as defined in section 4041(c)(4)),

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the excess (if any) of the aggregate amount of tax paid under sections 4041(c)(2) and 4081 on the gasoline so used over an amount equal to 6 cents multiplied by the number of gallons of gasoline so used."

(B) TECHNICAL AMENDMENTS.—

(i) Paragraph (1) of section 6427(i) is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (p)".

(ii) Clause (i) of section 6427(i)(2)(A) is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (p)".

(c) TAX ON TRANSPORTATION OF PROPERTY BY AIR.—Section 4271(d) (relating to termination) is amended to read as follows:

"(f) TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the taxes imposed by this section shall apply with respect to transpor-



tation beginning after August 31, 1982, and before January 1, 1992.

"(2) REDUCTION IN RATE IN 1991.—In the case of transportation beginning in 1991, if paragraph (2) of section 4261(f) applies during 1991, then subsection (a) shall be applied by substituting '2.5 percent' for '5 percent'."

(d) EXPENDITURES FROM TRUST FUND.—

(1) IN GENERAL.—Section 9502(b) (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes) is amended by striking out "January 1, 1988" each place it appears and inserting in lieu thereof "January 1, 1992".

(2) EXPENDITURES FROM TRUST FUND.—The material preceding subparagraph (A) of paragraph (1) of section 9502(d) (relating to expenditures from Airport and Airway Trust Fund) is amended by striking out "October 1, 1987" and inserting in lieu thereof "October 1, 1990".

(3) TRUST FUND PURPOSES.—Subparagraph (A) of section 9502(d)(1) is amended by inserting before the semicolon "or under the Airport and Airway Capacity Expansion Act of 1987 (as such Act was in effect on the date of the enactment thereof)".

SEC. 203. EXEMPTION OF CERTAIN HELICOPTERS FROM TAX ON TRANSPORTATION OF PERSONS BY AIR.

(a) EXEMPTION.—Subsection (e) of section 4261 (relating to exemption for certain helicopter uses) is amended by striking out "or" at the end of paragraph (1), by inserting "or" at the end of paragraph (2), and by adding after paragraph (2) the following new paragraph:

"(3) any other use if tax is imposed under section 4041(c) or 4081 on fuel used in connection with such use."

(b) IMPOSITION OF TAX ON FUELS USED BY HELICOPTERS EXEMPT FROM TAX ON TRANSPORTATION OF PERSONS.—Paragraph (4) of section 4041(c) (defining noncommercial aviation) is amended by adding at the end thereof the following new sentence: "Except as provided in subsection (1), the term 'non-commercial aviation' shall include the use of any helicopter which does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970 or otherwise uses services provided pursuant to the Airport and Airway Improvement Act of 1982."

(c) TECHNICAL AMENDMENTS.—Sections 4261(e) and 4041(l) are each amended by striking out "System Improvement Act" and inserting in lieu thereof "Improvement Act".

(d) EFFECTIVE DATE.—

(1) EXEMPTION.—The amendments made by subsection (a) shall apply to transportation beginning after September 30, 1988, but shall not apply to any amount paid on or before such date.

(2) FUELS TAX.—The amendment made by subsection (b) shall apply to sales or uses after September 30, 1988.

Mr. BENTSEN. Mr. President, on behalf of the Finance Committee, I am offering an amendment to the Airport and Airway Capacity Expansion Act of 1987. I am joined in offering the amendment by the distinguished ranking minority member, Senator Packwood. This amendment provides the financing necessary to fund the programs authorized in the Airport and Airway Expansion Act.

Presently, a variety of taxes are imposed on air travel and air freight. These include an 8-percent excise tax on air passenger tickets, a 5-percent tax on domestic air freight, a \$3 tax on international passenger departures

and taxes of 12 cents and 14 cents, respectively, on gasoline and other fuels used for noncommercial aviation. These taxes are paid into the airport and airway trust fund. They expire at the end of 1987.

The Finance Committee amendment would extend these taxes for 4 years, from January 1, 1988, through December 31, 1991. The amendment specifies that revenues from these taxes will go into the airport and airway trust fund during this 4-year period, and the amendment authorizes the expenditure of funds from the trust fund for these years for the purposes specified in the authorization portion of the airport and airway bill.

The Finance Committee amendment also contains one other provision which I would like to call to the attention of the Senate; the amendment provides for a reduction in tax rates if the assets in the trust fund are not expected.

Presently, a surplus of approximately \$5.6 billion exists in the airport and airway trust fund, because most of the expenditures which were authorized in the 1982 authorizing legislation have not been made. It was the Finance Committee's judgment that some action should be taken to see to it that the surplus is reduced in the future. The committee felt that if special taxes were to continue to be collected on air services, those taxes either should be spent for their intended purposes, or the taxes should be reduced to reflect the surplus.

To provide an incentive to spend the trust fund balances as envisioned by the Congress, the committee amendment includes a so-called trigger mechanism proposed by Senator Packwood. Under this provision, the airport and airway taxes would automatically be cut by 50 percent for fiscal year 1991 if there is an excessive surplus in the trust fund at the end of fiscal year 1990. The Finance Committee set the allowable surplus at \$3 billion; a surplus bigger than that would trigger the cut in taxes. This trigger mechanism will help prevent the Government from continuing to collect aviation trust fund taxes in large amounts without spending them for the important purposes for which they are intended.

I hope the Senate will act favorably upon this amendment.

Mr. CHILES. Mr. President, the trigger provision in this amendment would halve aviation taxes if the trust fund surplus is not below \$3 billion at the end of 1990. The only way this level can be met is if the Senate authorizing bill is fully appropriated and if CBO's February economics are used. Under CBO's August assumptions, appropriations would have to exceed authorized levels to draw the trust fund down to below \$3 billion. Since authorizations are rarely fully appropriated, it is clear that the trigger tax will lose revenues in 1991. Preliminary CBO estimates, outlined in a staff memoran-

dum, indicate that loss to be at least \$1.4 billion.

Clearly, we want to be very careful when we consider reducing revenues. We are currently involved in serious negotiations to provide real deficit reduction. I am very concerned that we do not reduce the resources available for that effort. I therefore ask that my friend from Texas, the distinguished chairman of the Finance Committee, consider this revenue loss very carefully in conference.

Mr. President, it appears that this amendment would be a revenue loser, losing about \$1.4 billion in 1991, and more in the outyears. CBO has done an analysis on that, and I have just received it.

I say to the chairman and the ranking member that I hope this is an item they will look at. I hope they will look at it in conference. I think this is something we would have to look at carefully in conference, because it is a potentially large revenue loser.

I ask unanimous consent to have the CBO analysis printed in the Record.

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

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, October 28, 1987.

MEMORANDUM

To: Steve Hornburg.  
From: Mark Dayton, Mitch Rosenfeld, and Linda Radey.  
Subject: Trigger Tax.

In response to your request, we have projected the budgetary effect of the trigger tax amendment to S. 1184 adopted by the Senate Finance Committee. This amendment would reduce by one-half current aviation excise tax rates on January 1, 1991 if the uncommitted balance in the Airport and Airway Trust Fund exceeds \$3.0 billion at the end of fiscal year 1990.

CBO projected the level of the uncommitted balance in the Trust Fund under eight scenarios. In every case but two, the trigger would take effect and projected tax collections would be reduced in 1991. The two legislative proposals currently before the Congress for funding aviation programs (S. 1184 and H.R. 2310) projected under the CBO February baseline assumptions, are the exceptions. If the trigger were to take effect, tax revenue would be reduced by \$1.4 billion in fiscal year 1991.

Table 1 details the projected end-of-year uncommitted balance in the Trust Fund scenarios. The uncommitted balance is the portion of the cash balance that has not yet been committed. An amount is committed when it is appropriated (for the appropriated accounts) or authorized (for the grants-in-aid program).

TABLE 1.—UNCOMMITTED BALANCES IN AIRPORT AND AIRWAY TRUST FUND

(By fiscal year, in millions of dollars)

	1987	1988	1989	1990	1991	1992
August 1987 Baseline *	5,520	7,270	9,400	11,880	14,760	18,100
February 1987 Baseline *	5,200	6,740	8,500	10,570	12,970	15,730
CBO reestimate of the President's budget *	5,520	4,950	4,580	4,510	4,910	5,800
H.R. 2890 *	5,520	6,160	7,170	8,520	10,160	12,260
S. 1184 (August) *	5,520	5,010	4,670	4,150	(*)	(*)
S. 1184 (February) *	5,200	4,480	3,790	2,890	(*)	(*)
H.R. 2310 (August) *	5,520	4,970	4,210	3,060	2,390	2,050



TABLE 1.—UNCOMMITTED BALANCES IN AIRPORT AND AIRWAY TRUST FUND—Continued

(By fiscal year, in millions of dollars)

	1987	1988	1989	1990	1991	1992
H.R. 2310 (February) *	5,200	4,430	3,330	1,790	720	-100

\* August 1987 baseline budget authority, outlays, revenues, and interest rates.

\* February 1987 baseline budget authority, outlays, revenues and interest rates.

\* Administration budget authority and outlays (CBO reestimate) and August 1987 baseline revenues and interest rates.

\* H.R. 2890 budget authority and outlays (for fiscal year 1988) and August 1987 baseline revenues and interest rates. The figures assume CBO baseline rates of inflation for fiscal years 1989-92 for the trust fund programs. Budget authority for the Grants-in-Aid Program is based on H.R. 2310 levels; the obligation ceiling for fiscal year 1988 for the Grants-in-Aid Program is based on H.R. 2890, and the obligation ceilings for fiscal years 1989-92 are based on H.R. 2310 levels. Budget authority and outlays for fiscal year 1988 for the Aviation Weather Services Program are based on H.R. 2763.

\* S. 1184 budget authority and outlays and August 1987 baseline revenues and interest rates. This figure assumes full appropriation of authorizations, and assume that the maximum amounts for the trust fund portion of FAA operations will be appropriated.

\* S. 1184 would reauthorize trust fund programs for only 3 years, through 1990.

\* S. 1184 budget authority and outlays and February 1987 baseline revenues and interest rates. The figures assume full appropriation of authorizations, and assume that the maximum amounts for the trust fund portion of FAA operations will be appropriated.

\* H.R. 2310 budget authority and outlays and August 1987 baseline revenue and interest rates. The figures assume CBO baseline rates of inflation for fiscal years 1990-92 for the Research, Engineering and Development Program, which was authorized for only 2 yr. (fiscal years 1988 and 1989). The figures also assume full appropriation of authorizations, and assume that the maximum amounts for the trust fund portion of FAA operations will be appropriated.

\* H.R. 2310 budget authority and outlays and February 1987 baseline revenues and interest rates. The figures assume CBO baseline rates of inflation for fiscal years 1990-92 for the Research, Engineering and Development Program, which was authorized for only 2 yr. (fiscal years 1988 and 1989). The figures also assume full appropriation of authorizations, and assume that the maximum amounts for the trust fund portion of FAA operations will be appropriated.

Source: Congressional Budget Office.

You should note that the projections for S. 1184 and H.R. 2310 in Table 1 are based on the assumption that all accounts are fully appropriated at their authorized levels. This results in the maximum reduction in the uncommitted balance. However, over the period 1982-1987, appropriations have only been approximately 75 percent of total authorizations.

Table 2 details the projected revenues to the Trust Fund under the August 1987 baseline and under S. 1184 (with August 1987 baseline assumptions and assuming that the trigger does take effect). Since S. 1184 only extends taxing authority through calendar year 1991, projected revenues shown for the Senate bill in 1992 only include collections based on accrued liabilities incurred during the last quarter of calendar year 1991.

TABLE 1.—EXCISE TAX REVENUE TO AIRPORT AND AIRWAY TRUST FUND

(By fiscal year, in billions of dollars)

	1987	1988	1989	1990	1991	1992
August 1987 baseline	3.2	3.5	3.9	4.2	4.5	4.9
S. 1184 (August) *	3.2	3.5	3.9	4.2	3.1	*1.0

\* Assumes trigger takes effect.

\* This amount is only for the last quarter of the fiscal year since S. 1184 extends aviation excise taxes only through Dec. 31, 1991.

Source: Congressional Budget Office.

Mr. BENTSEN. Mr. President, I understand the concern of the distinguished chairman of the Budget Committee. I share that concern. We will work together to see what can be done to bring this deficit back into balance.

Mr. CHILES. I thank the Senator.

Mr. FORD. Mr. President, the distinguished Senator from Texas has explained this amendment adequately. It is important to this piece of legislation, and we on this side will accept his amendment.

Mrs. KASSEBAUM. We accept the amendment on this side.

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

The amendment (No. 1071) was agreed to.

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

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I thank the distinguished Senator from Nebraska for allowing us to accommodate those members of the economic summit who are vital to this piece of legislation. Their amendments have now been adopted, and we have accommodated them. I want to express my appreciation to all those who have allowed us to proceed in this fashion.

We are now back on the amendment of the Senator from Nebraska.

## AMENDMENT NO. 1068

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank the Senator from Kentucky, the chairman of the Aviation Subcommittee.

I was pleased to yield especially to the Senator from Texas and the Senator from Florida, who are key negotiators in the very important matter that is going on right now, today, on the budget. I know that they have more severe constraints than anybody else in the Senate, and I want to hasten their work any way I can. I was glad to accommodate them.

Mr. President, I have nothing further at this time. I may have additional remarks later.

I hope we can move along, as the Senator from Kentucky has suggested, and take positive action on this.

I see two of my colleagues on the floor who I anticipate want to support this, and for that purpose I yield the floor.

Mr. BENTSEN. Mr. President, I see my distinguished colleague from Texas on the floor, and I know he shares my concerns for airports. I would like to have, if we could, unanimous consent that we have continuity to our dialog referring to the amendment on the airports.

Mr. GRAMM. Mr. President, I thank my distinguished colleague for yielding. I would like to join him in support of the amendment just adopted.

Being aware that our distinguished colleague in the House, ALBERT GARZA BUSTAMANTE, had taken similar action in the House, I was working toward the achievement of that goal in the Senate. It simply shows great minds working in Texas as tending to come to the same conclusions.

I am happy to join my colleague and congratulate him for his leadership, and I am grateful, as I am sure the people of Laredo are, for this new op-

portunity that we have as a result of this action.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I want to support the amendment of the Senator from Nebraska concerning essential air service.

When the airline industry was deregulated in 1978, it was understood at that time by the Congress that there was going to be a period of difficulty for smaller and rural communities, so the Congress at that point put in the Essential Air Service Program which they allowed to go on for 10 years.

The fact of the matter is that when there was deregulation the effect in West Virginia and many rural States was immediate and traumatic. Most of our major airports lost major carriers almost immediately. Airports which had jet service and major airports in West Virginia were reduced to propeller service almost immediately.

Now we have communities like Elkins, Morgantown, Clarksburg, Beckley, Lewisburg, and Bluefield which have been guaranteed air service and which have no other way of communicating or commuting to the outside world other than that which is supported by the Essential Air Service Program.

It is difficult, I think, for those who come from larger States or more urban areas to understand the trauma of that fact that economic development is thoroughly integrated with airline service. People have to be able to get in and out. The Essential Air Service Program was cut off. If this amendment were to fail to pass there would be no air service in many of our West Virginia communities which sustain their economic life through the commuter service which they now have.

I should point out that since deregulation which, as I indicated, had a very bad effect on West Virginia, the number of airline departures in my State has decreased by 11 percent and the number of airline seats available for West Virginia air travel has decreased by 29 percent. In addition to that, air fares in West Virginia almost immediately after deregulation doubled and then tripled.

So there really is not much that West Virginia and States like West Virginia, which are rural in nature, get from deregulation. Had I been in the Congress, I would have voted against deregulation.

Now all that props us up is the essential air service, and it is absolutely critical to seven major points in our State that essential air service be maintained.

I understand deregulation services a number of big cities very well, and it is very important, but so is West Virginia and so are the rural communities of our country.

So that is why the Exon-Baucus amendment to extend the Essential



Air Service Program is absolutely essential to my State and many others in this body.

I thank the Chair.

Mr. BYRD. Mr. President, I am a cosponsor of this amendment to reauthorize the Essential Air Service Program. This program is of primary importance to small, rural States like West Virginia. No State can sustain major economic growth without good connections to America's air transportation network. Adequate air transportation is vital if small, rural States like West Virginia, are to move ahead and develop economically.

The Essential Air Service Program was initiated in 1978 when airline deregulation ended air service to many small and moderate-sized communities. The program was designed to ensure that there would not be a mass exodus of the airline industry from small and rural communities that would virtually leave these communities isolated.

Currently, five West Virginia air centers—Morgantown, Clarksburg/Fairmont, Elkins, Beckley, and Bluefield/Princeton—receive assistance under the Essential Air Service Program. Some of West Virginia's major educational and financial institutions, research facilities, industries, and tourist attractions depend upon these airports for their continued growth. Without this program, maintaining airline service would be difficult, if not impossible.

Given the economic problems that West Virginia has endured in recent years—as well as the new economic opportunities on which enterprising West Virginians are working in several parts of the State, West Virginia cannot afford to lose current levels of airline service.

The adoption of this amendment will ensure that air service continues to rural areas, and I urge my colleagues to support this amendment.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KARNES. Thank you, Mr. President.

I would like to open by congratulating and thanking my colleague from Nebraska for the strong statement that he has made over the years as he has been in the Senate supporting this very vital service for the State of Nebraska and very vital service for all of rural America, and I join with many people from my State of Nebraska in thanking my distinguished colleague from the State of Nebraska for his leadership in this area.

Mr. President, I would like to take this opportunity to make my views known with regard to the importance of continuing the Essential Air Service Program. I know that I voice the feelings of many citizens of Nebraska and rural America when I say that the Essential Air Service Program is exactly as its name implies—essential. And it should be continued.

Rural States like Nebraska, with small towns that are relatively isolated and distant from major population centers, have experienced a real decline over the past years in available, affordable, and reliable transportation. Bus and rail service to many towns has been cut back or stopped altogether, to the point that, in Nebraska, for example, neither of these overland services, bus or rail, meet the needs of many medium-sized communities. Air service to these communities has protected the business and quality-of-life interests in our rural America. We all know that in this day and age travel is a prerequisite for economic opportunity. Communication and quick, affordable access are essential for economic success, but this requires dependable availability of facilities and services. We need to provide an environment for air carriers interested in serving small towns that will allow them to keep their service running where it is now located and, hopefully, to even expand service in the future where economic opportunity allows. Given the realities and the economics of business travel, there is no single mode of transportation that can provide such opportunity better than air service. This is, I believe, why the Essential Air Service Program was originally established, and it is a program that has proven its value to the continued vitality of many small towns in the country.

By depriving the smaller, less accessible communities in the Midwest of convenient and efficient air service, air service that has begun to show signs of growth and that has provided to EAS communities these essential opportunities, we would deprive these communities of their opportunity to grow as economic entities that may eventually be able to support air service without subsidies as I believe we are seeing now in the economics of air service.

Nebraska's experience with EAS subsidies provides a good example of the steady success of this program. Nebraska's EAS carriers currently receive nearly \$0.5 million less now than they did 5 years ago. Nebraska's dependency on Federal funds to continue and improve this air service has significantly decreased. Taking into account the fact that the program experienced a startup phase during this time and the fact that Nebraska is now "up to speed" after receiving only \$2.7 million under this program over the last 5 years. This \$500,000 reduction is substantial and admirable.

Specific routes made available under the program in Nebraska provide excellent examples of how the funding provides direct benefits to my Nebraska citizens. Our crucial panhandle route, servicing western Nebraska, currently receives close to \$375,000 down \$120,000 from the level of funding in 1981. The Nebraska River route, which travels across the State, is currently funded at nearly \$550,000, down almost \$200,000 from its 1981 funding

level. These numbers alone show us that the air service on these routes has become more efficient, less costly to the Federal Government, and are even closer to achieving economic independence of no subsidies that the program originally envisioned.

My point from all of this is that the EAS program has enabled airlines servicing the designated EAS routes in my State to grow, while the subsidy cost has decreased, significantly decreased, exactly what the program, as I said, was designed to achieve the goal of the program is to eventually eliminate Federal spending subsidies for the program, we are moving toward that goal with great progress. But now is not the time to stop EAS funding. To eliminate the program now would only cut the program short before the investment already made has a fair chance to mature by allowing the private sector to make schedule and economic decisions so that the air carriers can eventually achieve service without subsidies. The question we must ask is not "has this program been effective?" The answer is "Yes." Because it has been. Thus, termination or reduction of scheduled air service can strike a death blow to the economic growth efforts of these small towns.

The quality-of-life issue is very relevant in the State of Nebraska. I am disturbed that the population of many small towns in this country are either holding steady or even declining at the same time that the national population is increasing.

It is clear that many young people determine to leave small towns, small towns of their youth, because of the absence of economic opportunity, and I sincerely believe, having spent many of my earlier years in a town of 700 people, Fairmont, NE, that this essential air service will encourage economic opportunity for rural Nebraska and rural America, so that people will opt instead for life and employment opportunities in rural centers.

In the majority of EAS communities in Nebraska, the local populations range roughly between 6,000 and 18,000 people. The closest air hub to any of these communities is 75 miles away and many are over 160 miles away. I suspect that, without the continuation of good, reliable, and convenient air service, these populations may deteriorate even more over time.

I understand that there is a substantial cost factor that we must consider with the Essential Air Service Program. In order to meet the rigorous spending discipline that the Congress has placed itself under, it is my opinion that we should keep the EAS Program as streamlined and lean as possible if that is required to keep the program going. When we consider that a mere \$32 million is currently authorized under a bill that has earmarked nearly \$11 billion to our Nation's transportation needs, it seems clear



that the financial burden of this program is not out of line with national transportation and economic goals. In fact, I support major cost-sharing provisions in this legislation that will ensure substantial local fiscal support for the program while affording the possibility of actually expanding the program to new air carriers, thereby increasing service and competition in otherwise no-competitive markets, which can only serve the long-term best interests of the citizens served by the program. Therefore, we should view these expenditures as prudent investments in the economic infrastructure of America.

The key is to keep reliable and regular air service to small communities, rather than let the current system expire in October 1988 as the law currently provides. Moreover, any opportunity to enhance the program would certainly aid in the development of rural America. Maintaining safe and reliable airways is difficult already, but allowing the EAS Program to expire might only make matters worse.

Mr. President, before I conclude I would like to state how important it is to continue this service for at least 10 years.

In Nebraska right now we are seeing many companies taking a look at the economic advantages of locating in a small State, a State that is right now attempting transition from agriculture to a more diversified economic base. By providing assurance to these companies, to these enterprises, that we will have available air service, we make sure that their investment that they are planning to make in rural America will be an investment that is a sound investment.

Therefore, Mr. President, I urge my colleagues to consider the impact, not only on our country but on rural America, if we end Essential Air Service next year; and, I encourage them to vote for continuing this lifeline to our smaller communities. I once again compliment my colleagues from Nebraska for taking the leadership in this very important area.

Thank you, Mr. President.

#### AMENDMENT NO. 1072

(Purpose: To extend section 419 of the Federal Aviation Act of 1958 through September 30, 1990, and for other purposes)

Mrs. KASSEBAUM. Mr. President, I send to the desk an amendment in the second degree to be a substitute to the Exon amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mrs. KASSEBAUM] proposes an amendment numbered 1072 to amendment No. 1069.

Mrs. KASSEBAUM. 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:

Strike out the proposed language and insert in lieu thereof the following:

Sec. (a) Section 419(g) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389(g)) is amended to read as follows:

#### "DURATION OF THE PROGRAM"

"(g) This section shall cease to be in effect after September 30, 1990."

(b) Not later than September 30, 1989, the Secretary of Transportation shall report to the Congress on the desirability and feasibility of further extending the program. Such report shall make recommendations on possible program modifications including, but not limited to, modifications which would increase annual numbers of enplanements, reduce individual passenger costs, and improve program service. Such report shall also make recommendations on options for allocating the costs of providing essential air transportation, on a cost-sharing basis, between various levels of government, and shall recommend the share of such compensation that should be allocated to, and contributed by, the jurisdictions involved.

Mrs. KASSEBAUM. The substitute amendment I am offering provides for a simple 2-year reauthorization of the existing Essential Air Service Program. This would be basically a 3-year extension from now because it would not go into effect until the present authorization has expired, which is a year from now.

It does not expand the program. It does not provide for either increased service to existing communities or new service to new communities. It is truly a simple continuing resolution type of approach to the program with one major difference. The amendment also mandates a study of the program by DOT. Specifically, the Department of Transportation would be required to study the desirability and feasibility of matching requirements of the type provided for in the Exon amendment. The matching requirements study would pertain to basic service.

Under my amendment, EAS would be extended to September 30, 1989, with the Department of Transportation required to report to Congress no later than September 30, 1989. That will give Congress a full year to consider modification to the program before any further extensions would be required.

Let me just say briefly, Mr. President, I share the concerns of the Senators from Nebraska. I share the concerns of all Members who have large rural areas that are not easily accessible by rail, bus, or air. However, I would like to point to a couple of statistics which show what has happened in the 10 years since we have had essential air service subsidies.

Dodge City, KS, in 1978, when we started the Essential Air Service Program at the time of deregulation, had 6,198 passengers. In 1985, that figure was 2,653.

In Alliance, NE in 1978 there were 3,287 passengers. In 1985, the number dropped to 496 passengers.

Mr. President, I think this indicates that during the 10 years that we have had essential air service subsidies, we have not addressed the concerns of rural America in providing affordable transportation. Everyone was put on notice in 1978 that this program would only last 10 years. Now we are saying we still need it another 10 years and we need to expand it.

I think the problems will not be met, whatever the costs may be, by simply extending and expanding essential air service. We need to, I believe, force our States and our communities to look at the more creative means of addressing the real problems, and they are real, of rural transportation.

For that reason, I believe that this substitute amendment does give us time to look in a constructive and forceful manner, and I hope aggressive manner, at some definite ways that we can meet the concerns of air transportation in rural America.

Mr. EXON. Mr. President, I wonder if I might ask the Senator from Kansas, if she would like to have a vote on this to move things along, if we could, at this time, agree to a specific time for debate?

I would suggest that possibly one-half hour, equally divided with the time for the amendment controlled by the Senator from Kansas and the time against her amendment controlled by the Senator from Nebraska.

Would that seem fair and reasonable to the Senator from Kansas?

Mrs. KASSEBAUM. Mr. President, it certainly is reasonable. I am ready to vote now. We have had some debate already on this and so I am happy to have a vote at any time and will defer to the Senator from Nebraska if he wishes further time.

Mr. EXON. I appreciate the consideration of my friend from Kansas. I think there are those of us who would like to speak in opposition to this and I would like to say that I believe that we would need at least 15 minutes on our side in opposition to the amendment.

Would the Senator from Kansas agree to the time constraints that I outlined, one half hour equally divided, with the understanding, of course, that at any time anyone could yield back the time that they have remaining?

Mrs. KASSEBAUM. That remains agreeable.

Mr. EXON. I ask unanimous consent, Mr. President, on the amendment offered by the Senator from Kansas, that it now be agreed that there be one half hour equally divided with the time in support of the amendment to be controlled by the Senator from Kansas; the time of the opposition to this amendment to be controlled by the Senator from Nebraska.

Mr. PRESSLER. Reserving the right to object, and I shall not object, I wish to speak very briefly on the general



subject just prior to the beginning of that half-hour.

Mr. EXON. I knew my friend from South Dakota would want to speak. I know my friend from West Virginia would like to speak. I was thinking about 5 minutes, although my friend from Montana wants to speak.

I would just say that probably, if we could agree to 3 minutes for each of the Senators who are on the floor at the present time that I know are waiting?

Mr. FORD. Will the Senator yield for a unanimous consent request?

Mr. EXON. I yield.

Mr. FORD. Mr. President, I ask unanimous consent that the distinguished Senator from South Dakota [Mr. PRESSLER] be recognized for 4 minutes; that at the end of that time there be 30 minutes of debate on the amendment equally divided between the Senator from Kansas [Mrs. KASSAUM] and the Senator from Nebraska [Mr. EXON].

The PRESIDING OFFICER. Without objection it is so ordered.

The Senator from South Dakota is recognized for not to exceed 4 minutes.

Mr. PRESSLER. Mr. President, I rise today in strong support of this amendment to extend and improve the Essential Air Service Program, which is scheduled to expire next year.

Over the past 9 years, airline deregulation has had a devastating impact on our Nation's smaller communities and rural areas. The only assurance that air transportation continues to be available to the less populated areas is the Essential Air Service Program, which guarantees the smaller communities a certain level of air service.

This morning in the Small Business Committee we had a hearing on the loss of air service to business development in many of our smaller communities. I have also had conversations with businesses in the smaller communities out of South Dakota. This is not a regional matter. The smaller businesses in communities in New York and elsewhere face the same problems. The air link is a vital element in every State's economic development program and is necessary for industrial expansion.

An example from my home State might be helpful. The city of Yankton, SD, is working to bring new businesses into its community. One of the biggest problems faced is the uncertain future of air service. Efficient air service is an essential criterion for any business or other major enterprise seeking to locate in a particular area.

Yankton is an EAS community. It must be able to ensure a stable airline service.

My point is that for the hundreds of Yanktons around the country, air service is a key component of any local economic development program.

Mr. President, during the consideration of this legislation in the subcommittee, I inserted a number of statis-

tics regarding the number of boardings in different communities in my State as illustrative of the importance of having this service to help feed into some of our hub airports. Also, the impact on economic development.

Mr. President, with that, I conclude. I urge my colleagues' favorable support of this amendment which will guarantee a truly national air transportation system.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. The time agreement is now in effect and the Senator from Nebraska has 15 minutes. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. EXON. I yield 3 minutes to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, the Senator from Kansas, and I know of her very deep interest in air transportation for rural States, indicates that she wants to give us time to study this matter more clearly for a period of a couple of years.

It really is not time that we need. I think it is very clear what the situation is. That is, that we need 10 more years.

It is true that in 1978 when airline deregulation passed, this was put in there as a 10-year program, the Essential Air Service Program. But we had no idea at that time—nobody had any idea at that time—of the havoc that would be created in the airline industry, particularly in rural areas.

If one goes across the floor of the Senate and talks to those Senators who were here in the Senate in 1978, who voted for deregulation, almost all of them will say if they had to do it over again, they would vote against it because they had no idea of the havoc that would be caused.

We in West Virginia, Montana, and other States, understand the havoc which has been caused. It is a truly terrible situation in West Virginia in which seven of our major communities, if they are to be without essential air service, will have an economic base that will no longer grow and will, in fact, decline. We need 10 more years.

This is not an attempt to study or think out a new approach. It is an attempt in the Exon amendment to continue the Essential Air Service Program because we need it.

Mr. President, there are 150 communities in the United States that need 10 more years. Two years will create uncertainty. In each one of the seven cities of ours, there has been at least one instance of a turnover in the airline. That is, a new airline came in resulting in deterioration of service or maintenance of aircraft, something we are all concerned about.

What we do need is stability, the stability embodied in the amendment of Senator Exon. That is a 10-year exten-

sion of the Essential Air Service Program.

I hope we will defeat the amendment of my good friend from Kansas and support the underlying amendment of the Senator from Nebraska.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, I yield 3 minutes to the Senator from South Dakota.

Mr. DASCHLE. Mr. President, I have tremendous respect for the Senator from Kansas, but I must say that I think her amendment in this case is misguided and I would hope that we could defeat it.

I think the Senator from West Virginia said it very well. We need something other than time. In dealing with the Essential Air Service Program, more than anything else we need continuity. We need that continuity right now, especially in the upper Midwest, for two reasons: The first reason is one that has been talked about on this floor for many, many years. That is the difficult time in transition that we now go through in the agricultural communities.

The agricultural communities are going through a reconstruction period, a time within which we recognize the need for diversification in economic growth and stability. As we diversify, one of the most significant, successful tools that we have available to us is the availability of transportation, air transportation, transportation by truck and by rail.

There is no more important ingredient as we begin to make the case to come to the Midwest, to come to the rural areas, as businesses seek out new opportunities, than the availability of air service.

The second issue is one that is no stranger on this floor, and that is deregulation. During the last 10 years, our State has suffered through the pangs of deregulation. The country has prospered in many respects. Enplanements are up by more than 100 percent. We have gone from 200 million passengers to 400 million passengers in the last 10 years.

But at the very time we have seen the doubling of opportunities for enplanements nationwide, in most rural areas enplanements have been cut in half, including South Dakota, in essential air service.

As the Senator from West Virginia stated, we need continuity, we need to recognize the effect of deregulation in rural areas. By all means, we need to understand what economic diversity can do to rural areas as we try to recover from disastrous economic policies of the last several years.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, I yield 3 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, all of us have the utmost respect for the



Senator from Kansas. She is probably one of the most thoughtful Members of this body. We have the highest regard for her.

But I must say, Mr. President, this may be the one time, or perhaps the second time, that we should take another course.

Mr. President, I say that for this reason: These rural communities in Montana and elsewhere are hanging on by their fingertips. They are facing very difficult economic times. If they are to plan and develop, they need certainty. They need the security of knowing that they are going to have air service.

Unfortunately, if this amendment is agreed to, they will be less secure. They will not be able to go to other parts of the country, to urban markets, and say, "Look, this is what we are doing. You can count on good air service."

Some parts of our country have a Swiss-cheese economy. Some parts are doing quite well. They tend to be the coastal States. But in the hinterland areas, we find they are not doing very well. Those economies are, in sparsely settled areas, mostly agricultural. The rural communities in urban States are also not doing too well. Those are the holes in the Swiss cheese.

So it is imperative, Mr. President, that EAS first be continued—it has to be continued for 10 years to provide security—and, second, the level of air service available to these communities should be improved.

They need air services to be able to pull themselves up by their bootstraps and to grow and to prosper.

Mr. President, as taxpayers in this country spend \$6 billion or 80 percent of \$6 billion to build a subway system in Washington, DC—all America is paying for the Washington, DC, subway system, 80 percent of \$6 billion. That is \$4.8 billion—it seems to me at the very least we can give the assurance to rural America that we would provide it up to \$40 million for air service to these areas. I think all of America would agree that we should make that commitment.

I very strongly urge Senators to support the amendment of the Senator from Nebraska because I think that it will provide the kind of security that rural America needs.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 6 minutes and 48 seconds.

Mr. EXON. I yield myself 4 minutes and ask that I be notified when that time is up.

Mr. President, the amendment offered by the Senator from Kansas is

very clearly a killer amendment, and I believe it should be so labeled.

The Senator from Kansas has made an argument, and I agree with some of it, but as we have been stating since the beginning of the debate on this amendment, the question really comes down to whether we want to consider the continuation of essential air service or we want to end it.

The Senator from Kansas clearly says we have some time. The facts are we do not have time if we want to look beyond the next 2 years. This is a killer amendment, and it should be so labeled. I am doing that at this time.

Mr. President, essential air service not only is important to what we generally consider rural States but also to many States that are not generally lopped into the rural States of America. The facts are that there are important rural areas in all of our States of the Union. I just wanted to read into the RECORD at this time, Mr. President, the States that are now using the Essential Air Service Program and would be able to use them in the future if this amendment is adopted.

Those States presently using the essential air service are Alabama, Arizona, Arkansas, California, Colorado, Georgia, Illinois, Indiana, Iowa, Kansas, Maine, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. That is quite a list.

Mr. President, I also want to say that this piece of legislation is enthusiastically endorsed by the people who know the needs of air transportation in rural areas the most. That includes, Mr. President, the National Committee of Cities and States for Airline Services. The chairman of that organization is Robert Anderson, of Minnesota. The regional vice presidents are Don Overman, of Scotts Bluff, NE; John Rabenberg, of the Montana Airport Authority; Mr. Jerry Fink, the airport manager of Beckley, WV; Tom Gustafson, the mayor of Petersburg, AK.

Practically all of the coordinators all over the United States are strongly in support of this bill. In fact, the only reason, Mr. President, for the National Committee of Cities and States for Airline Service is the continuation of the essential airline service as we have fashioned it in this particular amendment.

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

Mrs. KASSEBAUM. Mr. President, I have made my case. I believe it is a very valid one. I greatly appreciate the respect that has been expressed. I wish I could translate it into votes.

I do not see any need on this side to further explain my amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, I yield whatever time is necessary and remaining on my side to the distinguished Senator from South Dakota.

Mr. PRESSLER. Mr. President, what we are doing here is very important to the smaller towns and cities and rural areas across America.

The essential air service is extremely important to business development. I have cited the importance to cities such as Yankton, SD, and others. It is just critical at this time that we continue this program. Because the transportation system is so essential to economic development, many businesses that are considering moving into my State ask: Will we have air service?

Essential air service is very critical. If we lose it, we are going to lose a lot of those businesses that are trying to come. For that reason, Mr. President, I move to table this amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. The Chair informs the Senator from South Dakota that the motion to table is not in order until time for the proponents has expired.

Mr. EXON. Mr. President, I would advise the Chair that the Senator from Nebraska, who controls time on this side, intended to indicate—I thought that I did so indicate—since the time of the Senator from Kansas had already been yielded back, that at the end of the remarks by the Senator from South Dakota, all of the time in opposition to the amendment would be yielded back, and therefore I suggest to the Chair that the motion from the Senator from South Dakota is in order.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. Did the Senator from South Dakota yield back the remaining time?

Mr. PRESSLER. I ask unanimous consent to yield back all remaining time.

The PRESIDING OFFICER. Then all time having been yielded back the motion to table is in order.

Mr. PRESSLER. Mr. President, I move to table.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Will the Senator from South Dakota yield for just a moment? We either need to set this amendment aside for 15 or 20 minutes or go to a quorum call, and I would prefer if he would withhold his motion for about 15 minutes.

Mr. PRESSLER. Mr. President, I would like to get the motion to table made so we can have it set and we agree to vote in 15 minutes.

Mr. FORD. That changes the parliamentary procedure.

The PRESIDING OFFICER. The Senator will suspend for 1 minute.

The Chair informs the Senator from South Dakota that his motion is in order. However, in keeping with the



request of the Senator from Kentucky, if the Senator from South Dakota would entertain a unanimous consent request to then delay the vote, the Chair would be in a position to rule at that point.

Mr. FORD. Would the distinguished Senator object if I asked unanimous consent that the vote occur at 1:10?

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered. The vote on the motion to table will occur at the hour of 1:10.

Is there a sufficient second on the motion to table? There is a sufficient second.

The yeas and nays were ordered.

Mr. FORD. Mr. President, is it in order to set this amendment temporarily aside so that we might take up other amendments in the next 15 or 20 minutes?

The PRESIDING OFFICER. The effect of the unanimous consent request is already to set the second-degree amendment aside. Is it the request of the Senator from Kentucky to set the first-degree amendment aside?

Mr. FORD. That is correct.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. McCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

#### AMENDMENT NO. 1073

(Purpose: To require a study of the various methods of air traffic control which might be utilized at the Grand Canyon Airport.)

Mr. McCAIN. I send an amendment to the desk and request its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona, Mr. McCAIN, proposes an amendment numbered 1073.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

Sec. 19. The Secretary of Transportation shall study the various methods of air traffic control which might be utilized at the Grand Canyon Airport, including the possibility and feasibility of installing radar for air traffic control purposes. The Secretary shall report the results of such study, together with his or her recommendations, to the Congress on or before the expiration of the 180-day period following the date of the enactment of this Act.

Mr. McCAIN. Mr. President, I have an amendment which has been cleared by both sides. I am appreciative of the assistance of the chairman of the subcommittee, Senator Ford, and of the distinguished Senator from Kansas, Mrs. KASSEBAUM for agreeing to this amendment.

Mr. President, this amendment deals with the Grand Canyon. The Com-

merce Committee passed, as did the Congress, this year the National Parks Overflights Act. This act was signed into law by the President this August. Part of the legislation required the promulgation of a regulation at the Grand Canyon National Park to control aircraft overflights of the park, mainly the burgeoning tour industry. This was done not only because of concern that this traffic was causing a deleterious effect on the Grand Canyon experience, but because of safety concerns as well.

Mr. President, two summers ago there was a tragic midair collision over the Grand Canyon between a helicopter and an air tour aircraft that took 26 lives. It was a tragedy that none of us want to see repeated. Currently the Department of Interior and the FAA are working on this regulation and hopefully it will be in place soon.

I believe in conjunction with this effort a study should be made of how radar could compliment and perhaps improve upon the benefits sought from the Overflights Act.

The Grand Canyon, Mr. President, experienced over 50,000 flights last year. While the Grand Canyon is a very large place, 200-and-some miles long and at places as much as 20 miles wide, the fact of the matter is that most of these 50,000 flights are concentrated over a very small area. Most of the flyers, particularly the air tour operators, want to see the same basic areas. Given these two facts I would not be surprised if parts of the Grand Canyon are amongst the most heavily trafficked areas in our country without any radar control.

There is clearly a need, Mr. President, for regulation of traffic over the canyon. We are going to have a regulation promulgated by the FAA hopefully within the next few months which will provide for corridors, flight-free zones, and an orderly control of the aircraft traffic over the Grand Canyon. It will be done for two reasons: One, to preserve the Grand Canyon experience and parts of the Grand Canyon so that people who are on rafts and hiking and camping in the canyon will not be constantly subjected to the noise of both helicopters and aircraft. More importantly, these regulations will also enhance our ability to maintain a safe environment. We cannot afford a repetition of the several tragic accidents that have taken place within the Grand Canyon and taken many innocent lives in recent years.

I believe that the only way we are going to properly police the air traffic at the Grand Canyon is to have some kind of radar system so that we cannot only regulate, but also police the system. I am not seeking at this time the placement of those radars, but I am certainly seeking through this amendment that the Federal Aviation Agency study the problem and come up with recommendations so that, if appropriate, we can put radars into

place and not only police the air tour operators, the civilian pilots, but also military pilots. Mr. President, speaking as a former such pilot I must tell you in all candor on numerous occasions military pilots are tempted to fly in the Grand Canyon. It is a perfectly understandable desire on their part, but one which has to be regulated and policed.

Again, I would like to thank the distinguished chairman and the ranking minority member for their assistance on this amendment. I urge its adoption.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. We have talked on this amendment on several occasions. We have discussed it in the Commerce Committee. It has been very favorably accepted. I have no problem with the acceptance of this amendment. This side will agree to it.

Mrs. KASSEBAUM. Mr. President, I would like to say the Senator from Arizona has spent a lot of time trying to address the needs of this very important issue for the Grand Canyon flights, and a lot of time and effort has gone into meeting all of the needs in this particular bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona (Mr. McCAIN).

The amendment (No. 1073) was agreed to.

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

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

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1074

(Purpose: To review the need and utilization of special use airspace to determine its impact on the quality of the environment.)

Mr. FORD. Mr. President, I ask unanimous consent to set aside the Exon amendment.

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

Mr. FORD. Mr. President, I send an amendment to the desk for the distinguished Senator from Nevada, Senator REID, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. Ford], for Mr. Reid, proposes an amendment numbered 1074.

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

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

The amendment is as follows:

On page 4, line 25, immediately before the period, insert the following: "and on the quality of the environment".



Mr. FORD. Mr. President, this urges a study to consider the effect on the environment of the military and civilian air space use. It has been studies on both sides. There is no objection to it.

Mr. REID. Mr. President, this amendment is an important addition to S. 1184. The Commerce Committee correctly identified the need for a comprehensive review of "special use airspace" in this bill. I fully support that review by the Secretary of Transportation, the Secretary of Defense and other aviation users. The committee's vision of solving future aviation problems is laudable.

My amendment simply clarifies a study already required by section 4 of the bill. This amendment assures that environmental issues involved in "special use airspace" actions are not forgotten.

These environmental issues are key to special use airspace actions. They need to be studied.

Why include environmental issues in the study?

We need to know what direction to go in better regulating these airspace actions. Should we loosen or tighten existing regulations? Without this important environmental information, this Congress, affected agencies and civil aviation will only have partial data with which to make critical airspace decisions—decisions potentially having a tremendous impact on the environment.

Everytime a special use airspace or military training route action is taken, environmental concerns are immediately raised.

Questions such as: Does this action significantly affect the quality of the human environment? If it does, in what way? Does an environmental assessment need to be done? By which agency? Do hearings have to be held? What public involvement beyond aviation users is required? Do these special use airspace actions harm economic growth on the ground, directly under the affected airspace? Do decisions on these actions adequately balance the needs of defense, civilian aviation, and the general public? Hardly a day goes by without my Nevada constituents calling or writing to express their concerns about special use airspace or military training routes.

Inquiries about: Noise pollution; low flying aircraft, supersonic aircraft; ranchers and farmers calling on cattle and grazing animals affected; homeowners writing about broken windows due to sonic booms; major environmental groups, like the Sierra Club, asking for help after going to the courts; entire towns and communities are often involved; my family even attended and testified at hearings on the Hart military operations area expansion that directly affected Oregon and Nevada.

The proposed study by S. 1184 is a perfect vehicle to answer many of these questions. A study of special use

airspace is already required by the bill. Without including environmental issues in this study, the Congress and the agencies involved will have limited ability to see the entire picture of special airspace use. We will see only pieces of the puzzle.

We need that broad look so that all groups involved in designating special use airspace have an opportunity to have their real needs identified. Only then, can a workable consensus be built to go forward and solve the airspace problems of the future.

For these reasons I offer this clarifying amendment.

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

The amendment (No. 1074) was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote by which the amendment was passed.

I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. 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. FORD. 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. FORD. Mr. President, I ask unanimous consent that the Exon amendment be temporarily set aside.

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

#### AMENDMENT NO. 1075

(Purpose: To release certain conditions in connection with Stapleton International Airport, Denver, Colorado)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky, Mr. FORD, for Mr. WIRTH, (for himself and Mr. ARMSTRONG), proposes an amendment numbered 1075.

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

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

The amendment is as follows:

On page 21, after line 21, add the following:

Sec. 19. (a) Notwithstanding section 16 of the Federal Airport Act (as in effect on the date of each conveyance referred to in this subsection) with respect to such conveyance, the Secretary is authorized, subject to the provisions of section 4 of the Act of October 1, 1949 (63 Stat. 700; 50 U.S.C. App. 1622c), and the provisions of subsection (b) of this section, to grant release—

(1) from any of the terms, conditions, reservations, and restrictions contained in each deed of conveyance under which the United States conveyed property to the city and county of Denver, Colorado, on which portions of Stapleton International Airport are located; and

(2) from any assurance made by the sponsor of such airport for a grant under the Airport and Airway Improvement Act of 1982 for a project at such airport.

(b) CONDITIONS.—Any release granted by the Secretary under paragraph (1) of this subsection shall be subject to the following conditions:

(1) The city and county of Denver, Colorado, shall agree that in conveying any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) the city and county will receive an amount for such interest which is equal to the fair market value (as determined pursuant to regulations issued by the Secretary).

(2) Any such amount so received by the city and county shall be used by the city and county for the development, construction, and improvement of a new Denver air carrier airport and a reliever airport in the event that the operation of the new air carrier airport severely restricts the operation of the nearby reliever airport. In no event shall such amount be used for operation or maintenance of such airports.

(3) The city and county shall agree not to convey any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) until the opening and initial operation of a primary airport to replace Stapleton International Airport, unless the Secretary determines that any such property is not essential for the operation of Stapleton International Airport.

#### THE DISPOSITION OF STAPLETON LANDS

Mr. WIRTH. Mr. President, I wish to urge my colleagues to support this amendment, which will benefit both Colorado and the Nation's air transportation system. This proposal would allow the Secretary of Transportation to release the city of Denver from deed restrictions and grant assurances pertaining to the property occupied by Stapleton International Airport in Denver. The funds raised from the development or disposal of this property would then be used for the construction of a new and larger aviation facility to serve the Rocky Mountain region and the Nation.

The Colorado congressional delegation, State and local officials, and the Federal Aviation Administration are all agreed on the need for a new airport. Since its construction in 1929, Stapleton International Airport has grown from a small airfield serving only a few dozen brave air passengers to the current modern facility which serves more than 30 million passengers per year. In today's deregulated aviation market, Stapleton's location at the center of the continent has contributed to its development as a hub airport essential to the successful operation of our Nation's airspace system—making it the fifth busiest facility in the world. Moreover, although Stapleton was originally designed to efficiently handle between 15 to 18 million passengers annually, last year



it served more than 34 million, an increase of 16 percent over the previous year at a time when the national average rose only 3 to 5 percent. By 1995, projections show it will serve more than 50 million passengers, and, according to studies performed for Stapleton International, by 2020 more than 110 million air travelers will pass through Stapleton International annually. The need for a new airport is clear.

For many years, Stapleton was a sufficient distance from Denver to spare its citizenry from the associated noise and congestion. As the city has grown and developed, it has surrounded and constricted the airport. Significant problems of excessive noise and insufficient space have resulted and expansion of the original site was excluded as an option. Denver has proceeded to develop the only adequate solution to the space and noise problems of Stapleton—the construction of a new, modern airport outside of the city.

When Denver's primary air services are moved to a location outside of the city in the early 1990's, the current site of Stapleton International no longer will be needed for air travel purposes. While the city technically holds title, almost half of the land will revert to the Federal Government, due to provisions contained in Federal aviation funding agreements. If this happens, the property—which is a major asset of considerable potential value to the city of Denver, and to the city's efforts to develop a new airport—will be of little or no value to the city or its new airport development efforts.

The amendment I am offering today will allow the Secretary to provide clear title to the airport land to the city of Denver, so it can be either developed or sold and the resulting revenue invested in the new airport. In fact, the amendment specifically requires the city to obtain fair market value from the disposition of the property and use all such revenue for the development and construction of the new Denver air carrier facility—and a general aviation reliever airport, should one be necessary. The Congressional Budget Office has stated that this proposal will not result in any new financial outlay by the Federal Government, and therefore will have no effect on the deficit.

Mr. President, the adoption of this amendment is crucial to the successful completion of a new primary airport in Colorado. When this airport is completed, it not only will improve access to the beauty of the Rocky Mountain region, but also will make an important contribution to the capacity and efficiency of the Nation's air transportation system. All who fly to or through the Rocky Mountains will benefit, not just to the citizens of the Denver area. I urge its adoption.

In conclusion, I want to express my gratitude to my friend and colleague, Senator ARMSTRONG; the distinguished

chairman and ranking minority member of the Subcommittee on Aviation, Senator FORD and Senator KASSEBAUM; the distinguished chairman and ranking minority member of the full Committee on Commerce, Science and Transportation, Senator HOLLINGS and Senator DANFORTH; and Majority Leader BYRD; as well as all of their able staff, for bringing this amendment before the Senate.

Mr. FORD. Mr. President, this is an amendment that conveys some land from the Denver Stapleton Airport to the city. It has been considered and found to be in order. Therefore, this side would approve the passage of this amendment.

Mr. McCAIN. Mr. President, this side has no problem with the amendment. We urge its immediate passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado [Mr. WIRTH].

The amendment (No. 1075) was agreed to.

Mr. FORD. Mr. President, I ask unanimous consent that the Exon amendment be temporarily set aside for the purpose of introducing another amendment.

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

#### AMENDMENT NO. 1076

(Purpose: To authorize the Secretary of Transportation to make grants for minimum facility and safety improvements at public airports other than commercial service airports)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD], for Mr. STEVENS, proposes an amendment numbered 1076.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. 19. Section 507(a)(2)(B) of the Act is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, the Secretary of Transportation shall make available grants for minimum facility and safety improvements to public airports (other than commercial service airports) described in section 508(d)(3)(C)."

Mr. FORD. Mr. President, this is an amendment by the Senator from Alaska [Mr. STEVENS] naming grants for Alaskan flight service stations. There is no objection on this side.

Mr. McCAIN. Mr. President, this side has no objection. We urge immediate adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska [Mr. STEVENS].

The amendment (No. 1076) was agreed to.

Mr. FORD. Mr. President, I move to reconsider the votes by which the last two amendments were passed.

Mr. McCAIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I ask unanimous consent that the amendment by the Senator from Nebraska [Mr. EXON], be temporarily set aside so I might send an amendment to the desk for and on behalf of the Senator from Hawaii [Mr. INOUE].

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

#### AMENDMENT NO. 1077

Mr. FORD. Mr. President, I send two amendments to the desk on behalf of Mr. INOUE. I ask unanimous consent that they be considered en bloc.

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

The amendments will be stated.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD], for Mr. INOUE, proposes amendments en bloc numbered 1077.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

Amendment by Senator Inouye concerning the acquisition of land for the expansion of Honolulu International Airport:

Airport grant funds made available to the State of Hawaii under Section 505 may, notwithstanding any other provision of law, be used to acquire properties referred to as areas 46A and 46B of the United States General Services Administration Facility Site in Moanalua, Honolulu, Oahu, Hawaii, or to reimburse the State of Hawaii for such acquisitions.

Amendment by Senator Inouye for the release of certain conditions on use of certain airport property in Hawaii:

That (a) notwithstanding Section 23 of the Airport and Airway Improvement Act (as in effect on April 6, 1982), the Secretary of Transportation is authorized, subject to the provisions of Section 4 of the Act of October 1, 1947, 50 App., U.S.C. 1622 (c), and the provisions of subsection (b) of this section, to grant releases from any of the terms, conditions, reservations, and restrictions contained in the deed of conveyance, dated April 6, 1982, under which the United States conveyed certain property to the State of Hawaii for airport purposes.

(b) Any release granted by the Secretary of Transportation under subsection (a) of this section shall be subject to the following conditions:

(1) The property for which a release is granted under this subsection shall not exceed 2.280 acres.

(2) The State of Hawaii shall agree that, in conveying any interest in the property which the United States conveyed to the State by a deed described in subsection (a), the State will receive an amount for such interest which is equal to the fair market value.

(3) Any amount so received shall be used for airport purposes only; and



(4) In the event land or any interest therein is received in exchange for all or part of the 2,280 acres, the deed of conveyance of such land or interest will contain language mandating that:

(A) the land or interest must be used for airport purposes only; and

(B) such land or interest in land received by the State of Hawaii may not be conveyed by the State, except by approval of the Federal Government, pursuant to the authority vested in the Secretary of Transportation, under Section 4 of the Act of 1947, 50 App. U.S.C. 1622 (c); and

(C) such conveyance by the State of Hawaii shall be subject to receipt of fair market value; and

(D) the proceeds from such conveyance by the State of Hawaii shall be used for airport purposes only.

Mr. FORD. Mr. President, both these amendments apply. One concerns the acquisition and use of property and the other involves property for Honolulu International Airport. There is no problem with either amendment on this side, and we ask that the Senate approve them.

Mr. McCAIN. Mr. President, we have no objection, particularly with respect to the expansion of Honolulu Airport, given the fact that many of us have the opportunity to land there on occasion. We urge adoption of the amendments.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments.

The amendments (No. 1077) were agreed to.

Mr. McCAIN. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

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

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I ask unanimous consent that the amendment of the distinguished Senator from Nebraska [Mr. EXON] be temporarily laid aside.

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

Mr. FORD. Mr. President, we have some technical corrections, and I ask unanimous consent that action on Amendment No. 1076 be vitiated.

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

#### AMENDMENT NO. 1078

(Purpose: To designate the Federal Aviation Administration flight service station located in Juneau, Alaska, as the "Dave Scheytt Flight Service Station")

Mr. FORD. Madam President, I send to the desk an amendment with respect to the naming of the Alaskan flight service station.

The PRESIDING OFFICER (Ms. MIKULSKI). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD], for Mr. STEVENS, proposes an amendment numbered 1078.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

Sec. . The Federal Aviation Administration flight service station located in Juneau, Alaska, is designated and shall, after the date of enactment of this Act, be known as the "Dave Scheytt Flight Service Station". Any reference in a law, map, regulation, document, or other paper of the United States to such flight service station shall be held and considered to refer to the "Dave Scheytt Flight Service Station".

Mr. STEVENS. Madam President, I am pleased to propose this amendment to name the proposed automated flight service station at Juneau, AK, after Dave Scheytt.

On June 11, 1985, a tragic helicopter crash claimed the life of Scheytt.

Scheytt, a well known professional aviator, worked with local Juneau law enforcement agencies on numerous occasions. He often performed missions that were above and beyond the call of duty.

Scheytt was best known for his daring rescue of two Alaska State troopers involved in a plane crash shortly after take off from the Juneau Airport. The airplane stalled, went into a spin and subsequently landed in a tidal pool. The pilot, Cpl. Warren Grant, was trapped inside the aircraft under water. The passenger, Trooper Nils Monsen, managed to free himself but could not free Grant.

Within minutes Scheytt was notified of the accident. He immediately piloted a helicopter to the crash site and hovered while another man dived into the icy waters and freed Corporal Grant from the wreckage. Scheytt then hovered the helicopter so that the skids were actually under water, retrieved the troopers and transported them to shore. Both troopers required hospitalization. Grant was in intensive care for nearly a month, but has made a complete recovery and is back at work.

This dramatic rescue was quietly put aside by Scheytt, who stated that he only did what had to be done.

To ensure that the memory of Dave Scheytt be continued in a meaningful way, it is appropriate that we name the new Juneau flight service station in Juneau after him.

Mr. FORD. Madam President, this is now in proper form.

Mr. McCAIN. Madam President, I support the amendment and urge its adoption.

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

The amendment (No. 1078) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. EXON. Madam President, I ask unanimous consent that I be allowed 10 seconds for the purpose of adding an additional cosponsor to the amendment No. 1068.

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

The Senator may proceed.

Mr. EXON. Madam President, I want to add Senator BENTSEN from Texas, the 30th cosponsor of the amendment.

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

#### AMENDMENT NO. 1072

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the motion to lay on the table the amendment of the Senator from Kansas [Mrs. KASSEBAUM].

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

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Oklahoma [Mr. BOREN], the Senator from Connecticut [Mr. DOBB], the Senator from Tennessee [Mr. GORE] and the Senator from Illinois [Mr. SIMON] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE] would vote "yea."

Mr. SIMPSON. I announce that the Senator from New York [Mr. D'AMATO] and the Senator from Kansas [Mr. DOLE] are necessarily absent.

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

The result was announced—yeas 57, nays 37, as follows:

#### (Rollcall Vote No. 355 Leg.)

##### YEAS—57

Adams	Ford	Metzenbaum
Baucus	Fowler	Mikulski
Bentsen	Glenn	Mitchell
Biden	Graham	Moynihan
Bingaman	Grassley	Murkowski
Boschwitz	Harkin	Nunn
Breaux	Hecht	Pressler
Bumpers	Heflin	Pryor
Burdick	Hollings	Reld
Byrd	Inouye	Riegle
Chiles	Johnston	Rockefeller
Conrad	Karnes	Sanford
Cranston	Kennedy	Sarbanes
Daschle	Kerry	Sasser
DeConcini	Leahy	Shelby
Dixon	Levin	Stennis
Domenici	Matsunaga	Stevens
Durenberger	McConnell	Wallop
Exon	Melcher	Wirth

##### NAYS—37

Armstrong	Helms	Roth
Bond	Humphrey	Rudman
Bradley	Kassebaum	Simpson
Chafee	Kasten	Specter
Cochran	Lautenberg	Stafford
Cohen	Lugar	Symms
Danforth	McCain	Thurmond
Evans	McClure	Trible
Garn	Nickles	Warner
Gramm	Packwood	Weicker
Hatch	Pell	Wilson
Hatfield	Proxmire	
Heinz	Quayle	

#### NOT VOTING—8

Boren	Dodd	Gore
D'Amato	Dole	Simon



So the motion to lay the amendment (No. 1072) on the table was agreed to.

Mr. FORD. Madam President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. EXON. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1068

The PRESIDING OFFICER. The question is on the Exon amendment in the first degree. Is there further debate?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Madam President, I have visited with the Senator from Kansas and in the interest of saving time both managers of the bill feel that we should move forward. As I understand it, the Senator from Kansas is not interested in a rollcall vote at this time. To move things along, and I am not going to demand a rollcall vote on this, I will be happy to accept, in the interest of saving time, a voice vote.

Mrs. KASSEBAUM. Madam President, I would certainly concur and would move that we accept the Exon amendment.

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

The amendment (No. 1068) was agreed to.

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

Mr. FORD. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1079

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 1079.

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

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

The amendment is as follows:

Amend Section 534, page 18, line 16, by inserting after "agency", the following: "or equivalent state qualifications-based requirement. This paragraph shall apply except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services."

Mr. GRAHAM. Madam President, this amendment, which I have discussed with the floor managers on both sides, would place into this act the same language which we previously adopted in the mass transit bill and the slightly modified version of the highway bill relative to the procurement of professional services for plan-

ning and design. This would provide that this paragraph shall apply except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services.

Many States already have adopted a procedure for the regularized professional acquisition of design services, which is working well in their States as it is in my State of Florida.

This would allow those States to continue the same procedures they are currently using by statute for airports as we have previously allowed them to continue to use those procedures for highways and mass transit. I hope the amendment will be adopted.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Madam President, as the distinguished Senator from Florida said, it brings a portion of the mass transit bill into the airport improvement trust fund legislation, allowing the States to have some specific procedures. We have no objection on this side.

Mrs. KASSEBAUM. Madam President, there is no objection on this side of the aisle.

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

The amendment (No. 1079) was agreed to.

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

Mr. FORD. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

#### AMENDMENT NO. 1080

(Purpose: To authorize the Secretary of Transportation to make grants for minimum facility and safety improvements at public airports other than commercial service airports)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Alaska (Mr. STEVENS) proposes an amendment numbered 1080.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. 19. Section 507(a)(2)(B) of the Act is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, the Secretary of Transportation shall make available grants for minimum facility and safety improvements to public airports (other than commercial service airports) described in section 508(d)(3)(C)."

Mr. STEVENS. Madam President, this amendment would allow the State of Alaska more flexibility in the distribution among noncommercial airports of funding under the area/population funding allocation.

This amendment simply allows the State of Alaska to utilize area/population funding allocated to it under this bill for "grandfathered airports" in Alaska that would qualify for area/population funding if they were not grandfathered.

Currently, 50 airports would qualify for Alaska's allocation of area/population funding—this amendment will allow 151 additional—grandfathered—airports to also utilize these funds for "minimum facility and safety improvements."

This amendment will assure that the State can most efficiently utilize its area/population allocation to meet the minimum safety and facility needs.

This amendment will not increase Alaska allocation under the area/population formula—or increase the level of funds flowing to Alaska.

Madam President, I have discussed this amendment with the managers of the bill and I believe they are prepared to accept it.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. FORD. Madam President, we have no objection to the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment of the Senator from Alaska.

The amendment (No. 1080) was agreed to.

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

Mr. FORD. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1081

(Purpose: To ensure greater safety to air passengers)

Mr. METZENBAUM addressed the Chair.

Mr. WILSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

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

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM] proposes an amendment numbered 1081.

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

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

The amendment is as follows:

At the end of the bill, add the following:



Sec. (a) The Secretary of Transportation shall ensure greater safety to air passengers by issuing, within 180 days following the date of the enactment of this Act, regulations requiring:

(1) adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which the Secretary of Transportation determines a part of which flight will occur over water and adequate information and instructions as to the use of such preservers, rafts, and flotation devices;

(2) as soon as feasible, but in no event later than January 1, 1993, all seats on board all air carrier aircraft to meet dynamic testing standards for crashworthiness; and

(3) prior to the expiration of the 24-month period following the date of the enactment of this Act, all air carrier aircraft to meet interior cabin flammability standards, and further require that air carrier aircraft certificated after January 1, 1993, be equipped with crash-resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system.

(c) The Secretary of Transportation shall report to Congress, within 90 days following the date of the enactment of this Act, on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight maintenance and safety-related procedures.

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

Mr. METZENBAUM. I will, indeed.

Mr. SARBANES. I wonder, if this amendment is going to take some time, whether the Senator would be willing to allow us to offer an amendment that will take no more than 2 or 3 minutes and dispose of it.

Mr. FORD. I might state, if the Senator from Ohio will allow me, we are hoping that the distinguished Senator from Ohio, myself, and the leader can work out some kind of agreement where we would not get into long debate on this one. If the agreement cannot be reached, it would be awhile.

Mr. METZENBAUM. The amendment I am offering is the safety amendment which I think the Senator is prepared to accept.

Mr. FORD. But the Senator does not have full acceptance.

Mr. METZENBAUM. OK.

Mr. FORD. He has mine and that is not going very far on this particular amendment.

Mr. METZENBAUM. The Senator says I do not have his?

Mr. FORD. The Senator has mine but not others.

Mr. METZENBAUM. I see.

Mr. FORD. It is up to the distinguished Senator if he wants to allow his amendment to be set aside.

Mr. METZENBAUM. Madam President, I ask unanimous consent that I may yield the floor without losing my right to the floor to the distinguished Senator from Maryland for not to exceed 3 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. WILSON. Madam President, reserving the right to object.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Madam President, let me inquire of the Senator from Ohio, I understood that when he inquired of the distinguished manager, this is not an accepted amendment that he is offering?

Mr. METZENBAUM. Perhaps the manager of the bill would care to respond.

Mr. FORD. We thought in the beginning this would be an acceptable amendment. When it was sent around, we found objections to the amendment and there will be some debate on it and possibly a vote. I am not sure whether that will happen or not. But it has run into a couple of speed bumps.

Mr. WILSON. Madam President, I was wondering of the senior Senator from Ohio, not only the Senator from Maryland but also the Senator from Maine and the Senator from California I believe all have amendments that have been accepted.

Mr. METZENBAUM. I want to say to my friend from California that it was about 4 or 5 hours ago that I was asked if I would mind stepping aside for the purpose of taking up a few noncontroversial amendments and then we ran into the Exon amendment. I do not really have any major objection, if you could confine yourself to 3 minutes each. Is that possible?

Mr. GRAHAM assumed the chair.  
Ms. MIKULSKI. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. FORD. Mr. President, reserving the right to object.

The PRESIDING OFFICER. As the new Presiding Officer, and I correct that the Senator from Ohio has the floor?

Mr. FORD. That is correct.

The PRESIDING OFFICER. The Senator from Ohio had yielded to the Senator from California for the purpose of an inquiry?

Mr. METZENBAUM. Only for the purpose of inquiry.

The PRESIDING OFFICER. Has the Senator from California completed his statement?

Mr. WILSON. Yes. If that is agreeable to the Senator from Ohio.

Mr. METZENBAUM. The manager of the bill has a position.

Mr. WILSON. I understand the Senator from Maine needs about 2 minutes. I need about 4.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, let us get a little order out of this. I see one, two, three, four, five Senators on the floor who have amendments which could only take about 2 minutes each. We could put them all en bloc and pass them if you want to do that, except those that may need a little debate.

I do not mind, but in order for us to have a pecking order, there must be a unanimous-consent agreement. Otherwise, it is whoever yells the loudest or

who the Chair recognizes first. So I do not mind all these distinguished Senators having a little agreed to amendment put on this bill, but I do believe we ought to have some order in which to recognize Senators.

I am perfectly willing to do that, but I think we need cooperation from everybody concerned. So if we want to get into who is next and that sort of thing, I will be glad to propose a unanimous-consent agreement if there is agreement on the floor to do that. But the Senator from Ohio has at the desk an amendment which will take some time.

Mr. SARBANES. Will the manager yield for a question?

Mr. FORD. I am delighted to yield for a question.

Mr. SARBANES. The Senator from Ohio has the floor. His amendment is pending. He is willing to defer taking up his amendment in order to dispose of the others that are on the floor with no more than 3 or 4 minutes being used on each of those amendments. Is the manager prepared to put that unanimous-consent request?

Mr. FORD. I am more than happy to, but we would have to have unanimous consent that we set aside the amendment of the Senator from Ohio for the purpose of taking up four or five amendments and then we would return, if the Senator from Ohio is agreeable.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. METZENBAUM. I was agreeable to the Senators from Maryland having a 3-minute intercession, but since then it is the Senator from California, the Senator from Maine, and I see the other Senator from Maine and I see the Senator from New Jersey. Under the circumstances I just think that is a bit unreasonable. I am willing to accept unanimous consent with respect to the amendment of the Senators from Maryland for not to exceed 3 minutes without the Senator from Ohio losing his right to the floor and without prejudicing my amendment.

The PRESIDING OFFICER. The Senator offers that as a unanimous-consent request?

Mr. METZENBAUM. I do.

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

The Senator from Maryland.

#### AMENDMENT NO. 1082

(Purpose: To provide for a noise abatement study)

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

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Maryland [Mr. SARBANES] for himself, Ms. MIKULSKI, and Mr. MITCHELL, proposes an amendment numbered 1082:



At the end of the bill, add the following new section:

SEC. 19. (a) The Administrator of the Federal Aviation Administration shall conduct a study of noise abatement proposals under consideration by airport operators and local governments for the purpose of identifying those proposals which, under existing law or administrative policy, are not currently eligible for Federal assistance and determining whether or not such proposals should be made eligible for Federal assistance.

(b) Not later than the 180th day following the date of the enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to Congress a report on the results of the study conducted under subsection (a) together with recommendations concerning modifications in existing law and administrative policy for making additional noise abatement proposals eligible for Federal assistance.

Mr. SARBANES. Mr. President, I yield myself 45 seconds because I want to defer time. I express my appreciation to my colleague from Ohio and to the other colleagues who are waiting to offer amendments and who withheld any objection.

Mr. President, this amendment, cosponsored by my distinguished colleague, Senator MIKULSKI, addresses a problem which has received broad national attention in the last few months—aircraft noise. With the dramatic increase in the number of flights at airports throughout the country, the communities in which these facilities are located have been subjected to increased noise from flight operations.

This language would require the Administrator of the Federal Aviation Administration to conduct a study of noise abatement proposals under consideration by airport operators and local governments for the purpose of identifying those proposals, which under existing law or administrative policy, are not currently eligible for Federal assistance and determining whether or not such proposals should be made eligible for Federal assistance. The Administrator is required to submit this report to the Congress not later than 180 days following the date of enactment of this act. The report must include recommendations for modifying existing law and administrative policy to make additional noise abatement programs eligible for Federal assistance.

This amendment, introduced in the House by Congressman BENJAMIN L. CARDIN, was included in the House version of the Airport Improvement bill, H.R. 2310. The purpose of the amendment is to review innovative airport noise abatement programs and their eligibility for Federal funding. The FAA is to assess these innovative proposals, to recommend whether Federal assistance should be provided for them, and what actions would be necessary to allow such Federal participation.

Mr. President, I appreciate the cooperation of the distinguished chairman and ranking minority member of the Senate Committee on Commerce, Sci-

ence, and Transportation and Senators FORD and KASSEBAUM chairman and ranking minority member of the Subcommittee on Aviation, on adding this language to the bill, and I urge its adoption.

Mr. President, I understand the amendment is acceptable and I appreciate the cooperation of the chairman and the ranking member of the Subcommittee on Airports.

I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I rise in strong support of the amendment offered by my distinguished senior colleague from Maryland on the issue of noise abatement and am pleased to cosponsor it with him.

This amendment would increase the amount of discretionary funds in the airport trust fund used for noise abatement projects. It will not, however, add any additional costs to the overall trust fund.

We all know that our Nation's airports need additional improvements to meet the growing demands placed upon them. These improvements will guarantee we have the infrastructure for economic development and the capacity to meet the needs of the Nation's air traveling public.

At the same time, however, noise abatement is crucial to assure those communities near our Nation's airports that airport expansion will protect the quality of life in their homes and neighborhoods.

Maryland residents will be affected in the coming years by expansion at both Baltimore-Washington and National Airports. As a result, it is essential that the necessary noise abatement measures be funded and implemented to insure these citizens that their communities will not suffer dramatically as a result.

The amendment Senator SARBANES and I are offering today would require the FAA to study a number of innovative noise abatement projects around the country, including those at BWI airport.

After reviewing them, the FAA would be required to recommend whether Federal assistance should be provided for them, and what steps are needed to insure that participation.

In short, the amendment provides the kind of thoughtful balance in planning for airport expansion that measures economic growth in both human and financial terms.

We know that in many parts of the country airports must expand because of increased demand. At the same time, this amendment will make certain that airport planners use creative means to reduce the problems created by the noise of more air traffic.

I want to commend my senior colleague from Maryland for his leadership on this issue. He is the Senate's leading advocate for responsible noise

abatement programs that protect communities' quality of life while insuring economic growth can occur.

I am privileged to have the opportunity to work with him and believe that the people of Maryland are truly lucky to have him as their advocate in the Senate. His amendment is a good one and I urge my colleagues to support it.

Mr. President, we need our airports to expand but for many of those who have homes next door to airports, it is like owning a \$150,000 dental chair and having continual root canal work done to you. We need to give those neighborhoods a break while our airports are expanding.

The amendment of the Senator from Maryland goes a long way in doing that.

I yield back the floor as I ask support for the amendment.

The PRESIDING OFFICER. Is there further debate? All time has expired.

The amendment (No. 1082) was agreed to.

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

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Ms. MIKULSKI). The Senator from Ohio.

#### AMENDMENT NO. 1081

Mr. METZENBAUM. Mr. President, I rise first to say that I think that the sponsors of this basic bill, the one that is before us, have indeed moved this Nation forward when and if it passes, and I hope that it will be today, in connection with the whole issue of airport safety and flying in the air. But there is more I believe to be done, and my amendment today is not in contradiction of that which has already been achieved in the basic bill but, rather, to address itself to some specific problems that I think can be solved with this amendment.

There is no secret about it. It is no fun to fly any more. Flying today is like playing a roulette wheel, only it is a "Wheel of Misfortune." We have long delays and flight cancellations, overbookings, reroutings, and lost luggage. But poor service is not the only problem. This amendment addresses itself to the issue of safety. I have two amendments that I contemplate bringing up today. One has to do with safety and one has to do with consumer rights. This one has to do with airline safety.

There have been in recent months a record number of near misses—over 600 in the first 6 months of this year. There was the Northwest crash in Detroit this summer where there were 156 lives lost and only 1 survivor.

In August I held some hearings in Ohio about the problems with respect to air travel and what the loss of competitiveness has done to the airline industry. At that hearing a Cincinnati



woman told of being on board the Delta flight when the pilot shut off the engines. The plane came very close to crashing into the ocean. But it was interesting; interesting and sad, when she told us that no one could figure out how to put on the life vests, and maybe the worst part was that there were no life vests available for small children. She talked about one mother running around the plane saying, "Where is a life vest for my child? I need a life vest for my baby." And they could not find one until finally they put on the child a life vest made for an adult, not for a child.

Since that woman testified at my hearing about the deficiencies in the life vest on her flight, I have found some alarming facts. The FAA only requires life vests on flights traveling more than 50 nautical miles from shore. Only one in four aircraft carry life vests, and over 200 airports have significant bodies of water in their approach and departure paths. And all of us can within our own recollection remember the stories of planes that have gone down as they were approaching the airport, and some have gone down as they were taking off from the airport. But the FAA does not require any safety vests unless the flight over water is more than 50 miles distant from the airport.

According to the FAA's own data 90 percent of all airplane accidents occur on or in approach/departure zones of airports. There is more to this story. The life vests that are available may not work. The person sitting next to you may have a different type of vest than you do. And, as I previously mentioned, there are not any vests to fit small children and infants. That is absolutely an absurdity.

We are not talking about major dollars. We are talking about peanuts. But those peanut dollars might be sufficient to save 1, 2, or 6, or 8, or 10 children on a flight.

I am offering an amendment today to ensure that life vests and life rafts will be available on any flight that is over water. It requires that the life vest be the same on a given flight so that they will not have a mixture of different kinds of vests, and that the airlines do a better job in explaining how to use them. And, importantly, it requires adequate flotation devices be available for small children and infants.

The amendment would also require the FAA to ensure that seats on all aircraft are crashworthy. The FAA after 20 years of delay issued a rule-making recently to modernize the seat testing standard. Unfortunately FAA's proposal applies to only totally new aircraft types, those that are still on the drawing board—but nothing having to do with the planes that are presently flying in the sky.

The existing airplanes are exempt even when refurbished with new seats. In other words, existing planes put in new seats and they do not have to

comply with the FAA rules with respect to the crashworthy safety of the seats. And aircraft built under old type certificates, a new 747 for example, would still install old, less crashworthy seats. The FAA proposal will not have much effect until well into the next century when totally new aircraft types would start constituting a large percentage of the fleet. My amendment would require a retrofit on the entire fleet, not tomorrow, not next month, but within a period of 5 years. The amendment would make certain that the interior cabin's flammability standards apply to all aircraft.

How many times have we heard about the plane that crashed and the whole plane went up in flames? That would not be the case if there were sufficient safety standards in connection with the contents of the plane.

The FAA proposed regulation in this area again would only apply to new airplanes or ones that are refurbished after 1990. Under the FAA proposal, if an airline does not refurbish a plane after 1990, it will not have to worry about the new flammability standards.

Madam President, I must say to you that is absolutely absurd. My amendment would close this loophole and require all planes after 1990 to meet interior cabin flammability standards. The ceilings, the wall panels, the cabinets, and the storage compartments would have to be made of fire-resistant self-extinguishing materials that produce low quantities of toxic gases and smoke. The amendment would ensure that commercial aircraft be equipped with crash-resistant inner fuel tanks and self-closing breakaway fuel lines to prevent possible crash fires. Military planes are already equipped with these safety features. Why, then, should not the commercial planes have within them these inner fuel tanks that are crash-resistant, self-closing, and that they break away from the plane and the fuel lines immediately upon a crash?

Finally, my amendment would require the Secretary of Transportation to report to the Congress on steps he or she will take to improve the oversight and inspection of air carriers' maintenance and safety-related procedures. By incorporating the goals, guidelines, and recommendations included in the FAA's own project safety report, the Secretary could implement better procedures for hiring and training FAA inspectors and monitor the maintenance and operation of the airlines and standardizing the procedures on how to run airlines and airplanes on a daily basis.

This amendment is the very least we can do to improve safety in air travel today. I am proud of the fact that the Airline Pilots Association and the Flight Attendants Association, both support this amendment strongly.

I hope the Senate will see fit to accept the amendment.

Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. Madam President, I wonder if the Senator from Ohio would entertain some questions on his amendment. I have to say that until about half an hour ago I never heard of this amendment. So I would like to be a little better informed on it, if I could.

Mr. METZENBAUM. Certainly. I would be very happy to respond. But I assume that my colleague from Missouri understands that I do not claim to be a technical expert.

Mr. DANFORTH. I do not either. That is one of the points. There have been times when I have introduced legislation that would be properly characterized as glorified rulemaking. For example, I once introduced a bill to provide for the high mounting of the brake lights for automobiles before NHTSA required the high mounted brake lights for the automobiles. The reason I did that was that I thought NHTSA was an agency that really dragged its heels on safety matters, that they needed to be prodded, that they were unable to get any action with respect to obvious new technologies, and Congress had to push them and, if necessary, do it themselves.

I have not had the impression that the same sort of dilatory approach was followed as a matter of course by the FAA, but is that the position of the Senator from Ohio—that FAA has just been passive and therefore there is no real hope that they will act in these areas, so we had better do it ourselves?

Mr. METZENBAUM. With respect to the flotation devices, it is my understanding that they have taken no action at all.

With respect to the safety of the cabin and the fire-resistant aspects of it, as I indicated in my remarks, they have acted, but they have made it pretty much inapplicable to the safety of the skies at the present time.

The Senator from Ohio has no intention of placing any unreasonable or undue burden on the airline carriers of this country, so we have provided the lag time for them to make the change.

With respect to the matter of the breakaway fuel supply, we are already doing that with the military, and it can be done. But there, also, the FAA has acted, but their actions are for "manana," sometimes far into the future.

In that respect, I think the Senator from Missouri and I would be in agreement that this is a way of saying to the FAA, "You haven't done enough."

Mr. DANFORTH. Have they been dilatory so far as the Senator from Ohio is concerned? Is this a case of an agency that just really is not doing its job, and here are obvious technologies that everybody has recognized for a long time that should be in place, but for some reason the agency has broken down?



Mr. METZENBAUM. I do not know that I want to be accusatory nor pejorative in saying to them that they have been dilatory. The FAA, on the other hand, does drag its feet. It has taken them some 20 years to propose the seat crashworthy standards. I think we all could agree that that is far more than reasonable.

On the life preserver issue, it is my understanding that they are working on that now. But, without trying to get into a situation where I want to be confrontational with the FAA, I think they have dragged their feet on some safety issues, and I think this legislative proposal would bring about the solutions much more rapidly.

Mr. DANFORTH. Here is my problem: Even in the case of NHTSA, where I have been very critical of them over a long period of time, I would introduce a bill and then we would have hearings on the bill in the Commerce Committee. When I would introduce a bill, there would be a lot of possibilities in the process of modifying the legislation, because I could not claim to have the technical expertise, either. I wanted, if necessary, to legislate; but I would rather have a little bit of a period of time so that both Congress and the regulatory agency and interested people could come before us and say, "This is a good approach," or, "This is a bad approach."

However, here is a floor amendment that has been offered, and there has been no previous legislation introduced and there have been no hearings on these matters at all. What we are doing in this amendment if we adopt it, is to require the retrofitting of aircraft wall coverings.

Mr. METZENBAUM. Of aircraft what?

Mr. DANFORTH. Wall coverings and carpeting and fixtures, to meet new flammability standards, and to do so within 2 years. We are requiring that new aircraft be equipped with crash resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system. Maybe that is a great idea.

I have been very aggressive in all kinds of transportation issues. But I have to say that if that is a good idea, it is something that is not self-evident, so far as I am concerned.

Let me say with respect to crash resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system, is this the way of preventing fire on aircraft?

Mr. METZENBAUM. I am sorry?

Mr. DANFORTH. For example, with respect to crash resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system, is that the best technology? I am not an engineer and I know the Senator from Ohio is not, but it is not self-evident that this is the best thing to do. Yet, without any hearings at all, on the basis of a floor amendment, we are entering into the business of ordering

specific technology to deal with problems.

It seems to me that this is moving into an area where we have no expertise and without any possibility at all of reflecting.

Mr. METZENBAUM. We do have expertise with respect to the breakaway fuel tanks. Our military planes are so equipped; and if it works for the military planes, it will work for the commercial aircraft.

Mr. DANFORTH. That may be so, but I am not sure. Is there some reason why these are not on domestic planes?

Mr. METZENBAUM. I think there is a cost factor, realistically speaking. I do not think it is a tremendous cost factor.

When you compare the cost factor in relation to the kind of damage suits that an airline gets after an accident, I think it is miniscule.

I say to my colleague, these amendments have all been considered, as to whether or not they are unreasonable, whether the time is too short, or whether the FAA will do it. In one instance, the FAA has already made this order, but they have done it with respect to the matter of the treatment of the inside of planes. They have done it on the basis of its being applicable only to new planes. The Senator from Missouri and I both know that the life expectancy of most planes is 20 or 25 years, and that is not adequate.

Mr. DANFORTH. How many old planes are there that would have to be retrofitted with new interiors?

Mr. METZENBAUM. I cannot give the Senator an answer as to the number, but I will say this to the Senator from Missouri: If, as this matter moves through the legislative process, it appears that the time is too short, that there ought to be some technical aspects of it taken care of, the Senator from Ohio will welcome working with the Senator to provide whatever modifications are necessary.

However, I believe this: I think we are talking about that which is causing tremendous loss of life when an airplane accident occurs, and we can save those lives. That does not mean that everybody on the plane that is in a crash is not going to be in danger of loss of life. But it does mean that you are certainly going to have a much safer plane, and you are going to have far less fire.

I read not too long ago that many more deaths can occur from the fire that breaks out in the plane than by reason of the crash itself.

Mr. DANFORTH. I say to the Senator from Ohio that if we are preventing the loss of life, I am for it.

I have worked on a number of safety issues on transportation—especially with Senator LAUTENBERG, who is now on the floor—and if it is a matter of saving lives, I am for it. It is just that what we are doing in this legislation is, for example, requiring that seats meet

a testing standard which is called dynamic testing—dynamic testing standards for crashworthiness.

I wonder if we in the Senate, on the floor of the Senate, without the benefit of any kind of hearing whatever, have the expertise to come on the floor of the Senate and decide, as a regulatory agency would decide, that the testing standard for airplane seats must be something called dynamic testing standards for testing crashworthiness.

I mean how many Members of the Senate, when we come to the floor, know what dynamic testing standards for crashworthiness are? How many of us know whether those are the standards that are the best standards for airplane seats? How many of us know how many airplanes are to be retrofitted with this new equipment, what the cost is, what the benefit is, whether it is a good idea or a bad idea?

I take it that the National Transportation Safety Board would have endorsed this proposal, this amendment, if it had looked at it and believed that it was a good amendment. But it is my understanding that they have not done so. Is that right?

Mr. METZENBAUM. I do not know that they have.

I would like to read you what the head of the Airline Pilot Association said about the fires issue. He was testifying on July 24, 1987, before the Aviation Safety Commission, and he said there:

There have been a number of cases where no crash or impact occurred, simply a cabin interior fire. However, these otherwise uninjured passengers became trapped by the ensuing fire and heat and could not evacuate the aircraft in a timely manner. In 1985 the FAA issued a notice to amend the regulations to require improved cabin materials that are slower to burn and thus allow more time for evacuation. We recommend that the FAA issue a finer rule based on the notice and require a realistic retroactive schedule.

I would say to the Senator from Missouri that it is true there have been no hearings, but that does not mean that the substance and the thrust of the amendment is wrong.

We adopted a lot of amendments out here. We had a major discussion in connection with the Exon amendment, and I do not think there were any hearings on that. I think maybe 15 Senators joined in the discussion.

Then there was a motion to table and limit it to 2 years and that failed.

So we do adopt amendments here regularly where there have not been hearings in the committee.

It is my understanding that the chairman of the committee is prepared to accept this amendment. The dissent is coming from the Senator from Missouri, and I do not know how many others.

Mr. DANFORTH. Mr. President, I would like to respond to the Senator from Ohio.



The Senator from New Mexico is on the floor. He is now engaged in the negotiations with respect to the budget. I think he has some business he would like to transact.

So I ask unanimous consent that the Senator from New Mexico might be recognized for the purpose of—

Mr. DOMENICI. Submitting an amendment that is acceptable to both sides for which I will take no longer than 1 minute.

Mr. DANFORTH. And subsequent to the consideration of his amendment I be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. I thank both the floor manager and distinguished Senator from Ohio.

#### AMENDMENT NO. 1083

(Purpose: To assist Sierra Blanca Regional Airport, Ruidoso, NM, in obtaining financial assistance for certain fire protection)

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

The PRESIDING OFFICER. The Clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes an amendment numbered 1083.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. . . In the administration of the Airport and Airway Improvement Act of 1982, and any rule or regulation issued or promulgated pursuant thereto, the Sierra Blanca Regional Airport, Ruidoso, New Mexico, for purposes of determining the eligibility of such airport for Federal assistance under such Act for airport development, namely fire protection, shall be considered to have scheduled commuter service with at least a 30 passenger aircraft.

Mr. DOMENICI. Mr. President, the Sierra Blanca Regional Airport near Ruidoso, NM, will open later this year. This will be a most welcome event for the region.

The Sierra Blanca Regional Airport will replace the present facility in Ruidoso. Unfortunately, the present airport has been the sight of numerous aviation accidents, including several deaths.

Federal, State, and local officials have made this new facility a priority. I have worked closely with these officials in this regard.

Airport officials are very concerned that when the new facility opens, it will lack on-site fire protection. I share that concern. The closest fire protection service capable of handling aviation emergencies will be 20 to 30 minutes away.

That is simply too long a time to be of any use for most aviation accidents.

Federal regulations require that any facility that receives scheduled service from planes with a capacity of 30 passengers or more must provide on-site fire protection.

Mesa Airlines of Farmington, NM, will provide scheduled service to Sierra Blanca from Albuquerque and Dallas, operating three flights daily, beginning December 11, 1987.

Mesa Air is a very successful commuter service, offering the only scheduled service to many communities in New Mexico. Unfortunately, Mesa does not operate aircraft carrying as many as 30 passengers.

The amendment I am offering today instructs the Federal Aviation Administration to provide fire protection assistance at Sierra Blanca. This would involve an initial cost for equipment of less than \$100,000.

Local officials would be responsible for operating costs. Airport officials are currently negotiating with local fire protection authorities to provide this service.

Mr. President, many of my colleagues may ask why Sierra Blanca Airport is unusual. Many of America's small airports, including some in New Mexico, lack on-site fire protection.

The reason Sierra Blanca is unusual is because airport officials anticipate significant charter services. Ruidoso is home to an all-season resort facility. It attracts everybody from skiers to horse racing fans. This heavy—but unscheduled—passenger traffic makes on-site fire protection particularly important.

Mr. President, I am very pleased that the Sierra Blanca Regional Airport will open soon. I am proud to have played a role in the negotiations between Federal and State officials, negotiations that have made the airport a reality.

It would be unfortunate if this new facility, built to replace what the Department of Transportation has long considered to be one of the Nation's most dangerous airports, were to open without proper fire protection service.

Mr. President, I urge the adoption of the amendment.

Let me just simply state to the Presiding Officer and Senators that we have a very peculiar situation. We have a brandnew, major, original airport which will have commuter services by virtue of airplanes that only carry 24 passengers. Nonetheless, it is commuter. If they carried 30, they would be entitled to fire protection equipment as part of the assistance act that we have in place. Because those commuter airplanes are 24 rather than 30 passengers, this airport is apt to open with no fire equipment.

This amendment names that airport, a major, original airport, and merely says that since its commuter capacity is 24 per airplane, it shall be deemed as if it were 30 and eligible for exactly the same one-time fire assistance as any other airport in America. That is all it does.

I understand both sides are willing to accept it. I thank them for it.

I yield the floor.

The PRESIDING OFFICER. Is there further discussion on the amendment? All time has expired.

The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (No. 1083) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. DOMENICI. Again I thank the distinguished floor manager and the distinguished Senator from Ohio for yielding.

#### AMENDMENT NO. 1081

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

Mr. DANFORTH. Mr. President, first to respond to the Senator from Ohio, he said that the Exon amendment was agreed to without hearings. The Exon amendment did in fact have a hearing.

But I think that the issue before us now is the degree to which the U.S. Senate should act in the manner of a regulatory agency and the circumstances under which we should do that.

This amendment is in the nature of regulation. It is very detailed regulation. It requires the retrofitting of aircraft with specific safety equipment. It provides for seats on aircraft to meet specific standards. Those standards are now the subject of a rulemaking, I am told, at the Department of Transportation.

It provides for the retrofitting of existing aircraft with new wall coverings, new carpeting, and new fixtures that meet the new FAA standards on flammability. It requires that new aircraft be equipped with crash restraint inner fuel tanks and breakaway self-closing fittings throughout the fuel system.

I would suggest, Mr. President, that before this amendment was offered, very few Members of the Senate, if any, had given any thought at all to whether or not crash resistant inner fuel tanks and breakaway self-closing fittings throughout a fuel system should be standard equipment on aircraft and whether that equipment should be retrofitted.

We have already heard from the Senator from Ohio that we have no idea how many aircraft there are in the domestic fleet in this country. We have no idea what the cost of this regulation is. We often say that in any safety regulation, it is a question of measuring cost and benefits. Any kind of Federal regulation is a matter of reasuring cost and benefits. Yet, we have no information before us as to



what the cost is or what the benefits are.

Nobody wants to vote for people dying. Everybody wants to save lives. Everybody wants to prevent fires. Everybody wants to save lives in case of a crash.

If that is the issue then there need not be a vote. We assume that it is 100 to nothing.

But do these specific regulations make sense? Do these specific regulations do the job that they purport to do?

If the intention of the U.S. Senate is to prevent people from dying in fires and on airplanes, then what options are available to us, what methods are best, what technologies are best, to prevent people from dying in fires?

Is the proposal that has been offered by the Senator from Ohio the best technology, is this the best approach, is this the most cost-effective approach?

I do not know the answer to any of that because I had not heard of this proposal until about a half-hour ago.

I have absolutely no knowledge of it at all. I would be delighted to work with the Senator from Ohio in this regard. I would welcome the opportunity to work with him. I have done that in the past with Senator LAUTENBERG on a number of safety matters. We have moved forward with respect to aircraft and trains and truck legislation, car safety, highway safety of various kinds. But we have attempted to know what we were doing before we did it.

We have attempted to give the regulatory agencies a reasonable opportunity to act. Why? Because they do have a system, they do have the technicians, they do have the staff, they do have people who are paid to know what they are about. If they drag their feet, then Congress acts. And we have on several occasions introduced legislation; some is pending now, as a matter of fact, in highway legislation to have new standards established for trucks.

I do not have any problem at all of getting into that particular area, provided that the regulatory agencies are inactive and provided the Congress, before it acts, has an opportunity to at least have some hearings so that the experts can come in and tell us whether we are doing the right thing or the wrong thing.

But truly it is going off half-cocked to adopt an amendment on the floor of the Senate that no one has ever seen before. I think it is an unprinted amendment that no one has ever seen before. I do not think this has ever been introduced in bill form. I do not think a request has ever been made that there be a hearing on these proposals. I am sure that no hearing has ever been held.

I would really urge the Senator from Ohio to work with us in the Commerce Committee. We are most interested in this area. And if he would introduce a

bill, I would assure him, as ranking member of the Commerce Committee, I would be more than willing to do everything that I can to make sure that the objectives of the Senator from Ohio are pursued and pursued very, very aggressively. But this is just absolutely the wrong way to it, in my opinion.

(Mr. WIRTH assumed the chair.)

Mr. McCAIN. Mr. President, I rise in opposition to the amendment. Let me start out by saying that I share the concern expressed by the author of this amendment and I know that our distinguished subcommittee chairman shares that concern, about all aspects of aviation safety in America today. In fact, my distinguished colleague from Kentucky has held numerous hearings on the whole issue of aviation safety, the role of the Federal Aviation Administration and all other aspects that have to do with the very serious crisis in aviation safety today. Those are not my words, those are the words of the head of the National Transportation Safety Board.

I share the deep and abiding concern of my colleague from Ohio on this issue. I am grateful that he would display the commitment and concern that he has, not only now but in the past.

Let me point out that there are a number of questions that I think need to be answered before we should proceed with such an amendment. First of all, I would be interested in why my distinguished colleague from Ohio, who is extremely well known for his in-depth knowledge and study of these issues, did not choose to bring this very wide sweeping and all-encompassing amendment before the Commerce Committee as a separate bill so that we could have provided the hearings necessary in order to answer some of the questions that I will raise in the next few minutes.

Second of all, we have two major agencies, the National Transportation Safety Board, which is an independent agency, and the Federal Aviation Administration, which, if my colleague from Kentucky has his way, may become an independent agency. Both of those organizations are entrusted with these issues. To my knowledge—and I hope that perhaps my colleague from Ohio can illuminate on this—neither one of these organizations have been consulted about this amendment. I believe the reputation of both organizations are such, particularly the National Transportation Safety Board, that their input would be very important in this process, particularly in the area of how we achieve the goals as stated in this amendment.

For example, in this amendment it says that air carrier aircraft "be equipped with crash-resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system." Those sound enormously important to me. However, I have been informed there are other forms of technology

which may be superior and less expensive and in fact more safe in nature than those which are designated in this amendment. I would suggest that there are hundreds of millions of taxpayers' dollars in the case of the Federal Aviation Administration expended which are intended to provide us with the kind of expertise, knowledge, advice, and information which would be, I think, crucial and indeed all-important in shaping legislation of this nature.

I think it is important that we set some kind of handle as to the cost that would be entailed for this amendment, not only to the airlines but obviously we know that any costs incurred with the airlines would be passed on to the passenger. If there is one benefit of deregulation that the American people have enjoyed, it is that most Americans can now fly across this Nation at a lower price than they could in 1979 before the advent of deregulation. Are we going to incur such costs that would no longer be possible? While we recognize that there are no costs which we can incur which would be too expensive in the name of safety we still have an obligation to provide the maximum safety at the lowest possible cost.

I wonder how the FAA and the National Transportation Safety Board would feel about their ability to make the dates that are prescribed here in this amendment, including no later than January 1, 1993, to perhaps change every existing commercial aircraft in America. Are they capable of bringing about these changes within that period of time? Are they capable of retrofitting existing aircraft with crash-resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system?

I think those are questions that need to be answered. I believe that the answers can be obtained in an orderly and efficient fashion through the use of hearings, which I am convinced that my colleague from Kentucky, the distinguished chairman of the subcommittee, would not only subscribe to but heartily engage in. My colleague from Missouri, Senator DANFORTH, has just stated his commitment to involving himself in whatever hearings we can have and in sponsoring or cosponsoring whatever legislation is available in order to achieve the goals that are sought by my distinguished colleague from Ohio.

So, Mr. President, I do not think there is going to be any question that all 100 Members of this body support the thrust of the amendment of the Senator from Ohio. It is important.

A case can be made perhaps that it is long overdue. There is no doubt that there are flammable materials that are in airplanes today that should be replaced and replaced immediately. I do not think there is any doubt that it is in everyone's interest to see that aircraft are equipped with crash-resistant



fuel tanks and breakaway, self-closing fittings throughout their entire system. And perhaps those aircraft should have been manufactured that way.

But the way to address this issue is through the orderly hearing process. With the commitment of both the distinguished chairman and ranking minority member, I believe we can achieve that. And I hope that we could perhaps get a commitment from the distinguished subcommittee chairman that these issues would be addressed as soon as possible in an orderly fashion.

I yield the floor.

The PRESIDING OFFICER. Is there further discussion? The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I would just like to say that there is no stronger advocate of consumer safety issues than the Senator from Missouri, Senator DANFORTH. His questions concerning the scope of this amendment suggest the need for hearings on this language before we commit ourselves, really, to a major bill. A bill with major requirements placed on airlines passed without analyzing what steps should be taken and the scope of those changes. Or without analyzing whether there should be, perhaps, some other ways to address the problem that could be more effective. I strongly support the request that we hold hearings at which we could better analyze the impact of the Metzenbaum amendment.

Mr. FORD. Mr. President, I say to all those who have been speaking, I do not think any one of us have any problem with attempting to improve the safety of airlines and I do not want to be placed in the position that if I happen to be opposed to this amendment I am against safety. But the point is, what is best? None of us appear to be engineers. I guess the distinguished Senator from Arizona, having been a pilot, and understanding aircraft and the dangers and safety points as they relate to air transportation, comes about as close as anyone that has discussed this amendment.

I am perfectly willing and will do everything I can to see that we have adequate hearings as it relates to the costs, to what items would be best. Do we have the best flammability standards in this legislation? Will the airlines and manufacturers meet those standards? What are the standards? And what kind of standards do we set?

We may even want to look at the smoke detectors in the rest rooms and see if they are wired direct and see if they are protected so that no fires will ensue from that.

Mr. President, I do not know what the outcome will be by the distinguished Senator from Ohio, but it appears to me that those who are very interested in this subject have given a greater deal of thought and effort, in the years I have been on the Com-

merce Committee, to safety and safety has been the underlying interest in this piece of legislation on the floor.

I would commit myself, not knowing the dates that I could do it right now, but would commit myself to an early hearing as it relates to the problems and recommendations as set out in this amendment.

Mr. LAUTENBERG. Mr. President, just very briefly, after having listened to the debate, the arguments going both ways, I certainly draw the conclusion that all of us support safer aviation and I commend the Senator from Ohio for having initiated this discussion and presenting this amendment.

We could argue the process involved at length. It is hard to argue against an orderly routine. But I would like to oppose, or at least ask the Senator from Ohio one question.

I doubt that any of us are arguing about adequate flotation devices. That certainly ought to be required immediately, without a lot of debate. The costs for that, I assume the airlines can absorb, even the poorest of them.

We recognize that people subject to a crash are going to probably meet their maker. But if we can prevent that occurrence by improving the material that upholds the seats and covers the walls and ceilings of the aircraft, I think we should do that as quickly as we can.

I would ask, since it obviously is going to be burdensome to make this conversion as quickly as the Senator from Ohio suggests, whether or not the date for retrofit that is described herein as 24 months after the enactment of this act—whether that could be extended to move the process along in a more orderly fashion and give the aviation companies a chance to determine what kind of material is best suited? Perhaps that could be changed to a 48-month period following the enactment.

Mr. METZENBAUM. I think that is a reasonable suggestion but I would like to inquire of the Senator from New Jersey, perhaps we might include 24 months or such longer period as may be established by the FAA?

Mr. LAUTENBERG. I would think that 24 months from date of enactment is a hard schedule to meet. I do not want to debate 12 months or 48 months here. I think if we extended the period and perhaps if 48 months is not acceptable, maybe the Senator from Missouri or one of the others would recommend a compromise; but I certainly do not think that 24 months is a reasonable date by which we can expect this conversion to be made and I would ask if we can amend this to say not earlier than, let us say, 36 months?

Mr. METZENBAUM. I have no objection to that.

I will send an amendment to the desk modifying that particular amendment from 24 to 36 months. I will draft that promptly.

With respect to the other questions that have been raised, which basically are: Should we be enacting legislation on the floor or should we be going to hearing on it, frankly speaking I think there is a great deal of concern out there in America as to airline accidents. The basic thrust of this bill moves us strongly to address that concern.

When we are talking about breakaway fuel tanks, we know that is feasible because the military planes are using it at the moment.

With respect to the conversion of the walls and the seats and the upholstery and the carpeting to make it fire resistant, it is pretty hard to figure out how anybody could be opposed to that.

Whether the time is right or wrong is something that I have indicated a willingness to adjust.

I will further say to those who are opposed to the amendment that, in my opinion, this bill is not a finished product. Assuming the amendment were to be adopted, and the matter goes over to the House and goes to conference, and if there are persuasive reasons why some part of the language should be changed, I would have no reservation in advising the conference committee or the House, as the case may be, that it would be preferable to make some changes in the language. I would be very willing to work with them. I know of their continued concern about airline safety. I would be willing to work with the National Traffic Safety Board. I would be willing to work with the FAA.

But I think it is unequivocally a fact that permitting some things that are occurring at the present time to be a reality is endangering the lives of hundreds of thousands and maybe millions of Americans every time they fly on a plane.

So, whether or not we should have gone through the hearing process—you may have a point there. But the fact is we did not go through the hearing process and we are here. Certainly you cannot be opposed to changing the flotation devices for planes and requiring those to be onboard.

With respect to the other two items, I just mentioned I am willing to provide a longer period as far as the fire-resistant material is concerned, as suggested by the distinguished Senator from New Jersey. With respect to the breakaway aspects, I am willing, also, if necessary—if it is not technically feasible, if there is something illogical about it, if it will not work, I will be the first to say let us drop that amendment.

As a matter of fact, I would be willing to work with the Senator from Missouri and the Senator from Arizona and the Senator from Kansas to put in some language saying that: "Provided that it is technically feasible to do so," with respect to the breakaway fuel tanks. I do not want to



do anything that creates a hardship for the airlines. But the FAA has not acted in the past and I think there is some imperative that we move with some dispatch.

So I am very willing to try to work with them at this point to try to draft some language to deal with the technical aspects of it or I am willing to agree that if it does not come out right and there is some reason that it should not be in, once it has been approved by this Senate, that I join with them in urging a change either in the conference committee or in the House.

The PRESIDING OFFICER. Is there further discussion?

Mr. METZENBAUM. Mr. President, I will suggest the absence of a quorum. If the Senator from Missouri will permit me, I will make a change in the amendment, changing the time.

Mr. FORD. 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. METZENBAUM. 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. METZENBAUM. Mr. President, I send a modification of my amendment to the desk.

The PRESIDING OFFICER. The Senator from Ohio has the right to modify his amendment. The amendment is so modified.

The amendment, as modified, is as follows:

At the end of the bill, add the following:

Sec. . (a) The Secretary of Transportation shall ensure greater safety to air passengers by issuing, within 180 days following the date of the enactment of this Act, regulations requiring:

(1) adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which the Secretary of Transportation determines a part of which flight will occur over water and adequate information and instructions as to the use of such preservers, rafts, and flotation devices;

(2) as soon as feasible, but in no event later than January 1, 1993, all seats on board all air carrier aircraft to meet dynamic testing standards for crashworthiness; and

(3) prior to the expiration of the 36-month period following the date of the enactment of this Act, all air carrier aircraft to meet interior cabin flammability standards, and further require that air carrier aircraft certificated after January 1, 1993, be equipped with crash-resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system.

(b) The Secretary of Transportation shall report to Congress, within 90 days following the date of the enactment of this Act, on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carrier maintenance and safety-related procedures.

Mr. METZENBAUM. 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. METZENBAUM. 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. METZENBAUM. Mr. President, we have been having some discussions with respect to this amendment, as modified. I think we have come to some agreement as to how it could be drafted so it would be acceptable all around. I therefore ask unanimous consent that the amendment be temporarily set aside.

Mr. FORD. Mr. President, reserving the right to object, and I will not object, each time we bring up an amendment we will have to set this amendment aside temporarily.

Mr. President, we have four or five amendments, and Senator LAUTENBERG has three which we can accept en bloc, which I would like to move if the Senator will change his unanimous-consent request.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that this amendment be set aside for such amendments as the manager of the bill wishes to bring up in the interim, and that we return—

Mr. FORD. Let us do it this way: Whenever the Senator has his amendment perfected, he will come back to the floor and it will be considered as the next amendment.

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

#### AMENDMENT NO. 1084

(Purpose: To permit assistance to the municipal airport of the City of Dermott, Arkansas, notwithstanding the fact that it is located on leased lands)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD], for Mr. BUMPERS, proposes an amendment numbered 1084.

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

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

The amendment is as follows:

At the end of the bill, add the following: Sec. . In the administration of the provisions of the Airport and Airway Improvement Act of 1982, the municipal airport of the City of Dermott, Arkansas, shall not be denied eligibility for assistance under such Act on the basis that such airport is located on leased land, if such lease is for a period of at least 99 years, and if the land so leased consists of at least 25 acres.

Mr. FORD. Mr. President, this is an amendment to set out criteria for airports that might be on leased proper-

ty. What we do here is under the airport owned/leased property. There are some problems as relates to be eligible for FAA funds. This clarifies this matter and takes care of the city of Dermott, AR. We have no problems with the amendment on this side.

Mr. BUMPERS. Mr. President, this amendment is very simple. It allows the city of Dermott, AR, to be eligible for Federal assistance under the Airport and Airway Improvement Act of 1982 for a municipal airport on land which is leased, rather than owned. The amendment stipulates that the land consist of not less than 25 acres, and that the lease be for a period of at least 99 years. At present, the Federal Aviation Administration [FAA] only provides Federal assistance for airport improvement for facilities which are on land owned by the city or municipality without specific legislative exceptions.

The city of Dermott, which is a small town with a small revenue base, has entered into a lease agreement with the owner of a small airstrip which it has upgraded as its municipal airport. With the help of the Arkansas Aeronautics Commission, the airstrip was paved and its capacity expanded. Dermott needs to improve and update this airport facility in order to meet the imperatives of economic development. The city continues to have a strong desire to upgrade this facility, and Federal funds may very well be required.

The owner of the land is willing to lease for 99 years at least 25 acres of land to the city of Dermott. The owner does not want to sell the land because it serves as an entrance to his farm property, and selling the land would severely decrease the value of his holdings. I sympathize with this view, and believe that in this particular instance, the FAA, with the assurance of a long-term lease of at least 99 years, should be allowed to provide assistance under the Airport and Airway Improvement Act. The amendment does not mandate Federal assistance, it simply makes Dermott eligible even though the land is not owned by the city.

The airstrip was originally built by its present owner as a private strip on which to locate planes and to operate a private agricultural spraying service. The city of Dermott approached the owner about upgrading this strip, and its improvement will benefit the community greatly and still satisfy the reasonable needs of the land's present owner.

I understand that this amendment has been cleared on both sides of the aisle, and I appreciate very much the cooperation of my colleagues in this regard. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Is there further discussion?

Mrs. KASSEBAUM. Mr. President, we have not seen the amendment.



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

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

Mrs. KASSEBAUM. Mr. President, there is no objection on this side of the aisle.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1084) was agreed to.

Mr. DANFORTH. Mr. President, before we finish consideration of this bill, I would like to raise one very important point with the distinguished subcommittee chairman.

The bill reported by the Commerce Committee extended the authorization only for a 3-year term. However, a number of airports have urged me very strenuously to offer an amendment extending the duration of the Airport Improvement Program for an additional 2 years, or for a total duration of 5 years. The airport managers have made a compelling case that they need a 5-year term in order to plan effectively and to keep their costs down as much as possible.

It was my intention to offer an amendment to extend this program for 2 additional years. However, let me ask the subcommittee chairman if he would be willing to recede in conference to the House bill's provision which reauthorizes the Airport Improvement Program for a 5-year term.

Mr. FORD. Mr. President, I would respond to the Senator's request by saying that I, too, recognize the importance to airports of long-term planning. I, too, have been contacted by airport managers who have stressed their need for sufficient time to plan and complete their projects.

I appreciate the arguments raised by the ranking member, and I will enter into conference with the House with an open mind and a willingness to consider the merits of a 5-year authorization. I am confident that we will be able to achieve a mutually agreeable outcome.

Mr. DANFORTH. Mr. President, I thank the subcommittee chairman. With that assurance, I do not feel it necessary to offer my amendment.

Mr. FORD. 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. METZENBAUM. 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. METZENBAUM. Mr. President, sometime this afternoon and earlier this morning I had indicated to the managers of the bill that I had a consumers' rights amendment, different from the safety amendment I just brought up, which I intended to call up.

In all candor, it was very similar to a consumers' rights bill that the Senator from Kentucky has, and it is also similar to my consumers' rights bill.

In the discussions that we have had on this subject, I think there is general agreement that consumers do have certain rights that ought to be attended to by the airlines, such as when they are canceling flights, adequate notice in advance, lost luggage, keeping some records, and telling their customers how bad their service has been.

The reality is that the manager of the bill has indicated he would prefer that we not attach that amendment to this bill, and it is my understanding that the majority leader has come to some agreement with him and with me, and I do not know what others are involved, that if the amendment is not brought up at this point, the consumers' rights bill, understandably his bill will be on the floor of the Senate possibly some day this week but more likely certainly not before that.

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

Mr. METZENBAUM. I certainly yield to the manager of the bill.

Mr. FORD. We have been working trying to keep this bill, as we would refer to it, as clean as possible so that we would be into the funding, the safety aspects, airport problems and things of that nature. The Senator is correct that I hope the so-called consumer bill would not be offered as an amendment. We worked awfully hard in our committee to put that bill together, and it is pending on the Senate calendar. The House has sent over two separate bills which we will look at and in all probability go to conference on this year.

I will not speak for the majority leader. It is my understanding, however, that he is willing to attempt to get a consumer bill up this week, and it appears there will be windows where that will be possible. I am not sure, but maybe we can get a time agreement. But there will be a good many amendments which will be offered to that consumer bill, as I understand it. So I am perfectly willing to accommodate the Senator from Ohio, and if the majority leader has been able to work it out with the other side, I think we can proceed this afternoon with the full understanding that the Senator's bill will be brought up this week.

Mr. METZENBAUM. Very good. I thank the manager of the bill. I spoke with the majority leader. I think he is working out some details with the other side.

Mr. FORD. The Senator is correct, and hopefully that can be worked out within the next little bit.

Mr. METZENBAUM. I thank the manager.

#### AMENDMENT NO. 1085

(Purpose: To amend the National Driver Register Act of 1982 to assist in the identification of operators of aircraft who have driving problems by permitting access to the National Driver Register.)

Mr. LAUTENBERG. 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 assistant legislative clerk read as follows:

The Senator from New Jersey [Mr. LAUTENBERG] proposes an amendment numbered 1085.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

Sec. 19. (a) Section 206 of the National Driver Register Act of 1982 (23 U.S.C. 401 note) is amended as follows:

(1) In subsection (a), paragraph (1) is amended by substituting the word "transportation" for "highway".

(2) In subsection (b), insert the following new paragraph immediately after paragraph (2), and renumber paragraphs (3) and (4) as paragraphs (4) and (5), respectively:

"(3) Any individual who has applied for or received an airman's certificate may request the chief driver licensing official of a State to transmit information regarding the individual under subsection (a) of this section to the Administrator of the Federal Aviation Administration. The Administrator of the Federal Aviation Administration may receive such information, and shall make that information available to the individual for review and written comment. The Administrator shall not divulge or use such information except to verify information required to be reported to the Administrator by airmen applying for an airman medical certificate and to evaluate whether the airman meets the minimum medical standards as prescribed by the Administrator to be issued an airman medical certificate. There shall be no access to information in the Register under this paragraph if such information was entered in the Register more than three years before the date of such request, unless such information relates to revocations or suspensions which are still in effect on the date of the request. Information submitted to the Register by States under the Act of July 14, 1960 (74 Stat. 526), or under this Act shall be subject to access for the purpose of this paragraph during the transition to the Register established under section 203(a) of this Act."

(b) Section 206(b) of the National Driver Register Act of 1982 (23 U.S.C. 401 note) is amended by adding the following sentence at the end of paragraphs (b)(1), (b)(2), and (b)(4), respectively: "Information submitted to the Register by States under the Act of July 14, 1960 (74 Stat. 526), and under this Act shall be subject to access for the purpose of this paragraph during the transition to the Register established under section 203(a) of this Act."

Mr. LAUTENBERG. Mr. President, this amendment is aimed at closing a



serious loophole in our aviation safety network.

It incorporates the text of S. 1819, which I introduced yesterday.

The amendment would authorize individuals to provide the Federal Aviation Administration with access to the National Driver Register in reviewing pilot applications for medical certification. It would allow the FAA to use this information for two specific, limited, but very important purposes: to verify information provided by pilots, and to help evaluate whether the airman meets minimum medical standards prescribed by the FAA.

The FAA would be provided access to information not more than 3 years old, unless that information pertains to a revocation or suspension of a driver's license that is still in effect.

In addition, the airman would be provided the opportunity to review the NDR information and comment on it in writing. This would protect against false identification of an applicant, and give the applicant the opportunity to provide any explanation for information in the NDR.

It is my expectation and it is the intent of this amendment that the FAA will promulgate regulations to require authorization of access to the NDR as a condition of the medical certification process.

#### MEDICAL CERTIFICATION

In order to legally fly, any pilot must receive regular medical certification. The majority of the exams are performed by private physicians approved by the FAA.

There are several classes of certification. First class certification is for airline pilots, and must be renewed every 6 months. Second class certification is for commercial pilots, flight engineers, and flight navigators. It is renewed annually. Private pilots receive third class certification, which must be renewed every 24 months.

Currently, the FAA requires pilots seeking certification to report drug or alcohol problems, including drunk driving convictions. This is a requirement too many do not comply with. And the FAA does not know who those people are. Therein lies the problem.

The majority of pilots take the responsibility that comes with their license seriously. But there are those that don't. There are those who might drink and fly. There are those who would violate FAA's reporting requirement.

#### THE PROBLEM

A report by DOT's inspector general in February of this year revealed that this reporting system is faulty. There are 711,648 active airmen now certified by the FAA. The inspector general found that about 10,300 of these pilots had their driving license suspended or revoked for DWI convictions in the last several years.

However, 7,850 of the 10,300—or 76 percent—did not report this information to the FAA.

These are the people—those who intentionally do not comply with Federal requirements—whom this bill would specifically address.

Mr. President, let me cite a few examples of where the voluntary reporting system proved lacking.

In February 1986, a commercial cargo pilot was killed when his plane crashed in Tennessee, 3 hours after leaving Milwaukee. His blood alcohol content [BAC] was found to be 0.158, 4 times higher than the level FAA considers the threshold of impairment.

A review of this driving record indicated a history of drunk driving, 18 months earlier, he demolished his van while driving 100 mph. At that time, his BAC was 0.26. From 1981 to 1984, he had seven DWI convictions, and had his drivers license revoked.

Yet, he could still fly. And the FAA had no way of knowing about his record.

The inspector general's investigation turned up 262 first-class pilots with at least 1 drunk driving conviction. They included a pilot who had had two separate DWI convictions, resulting in a 5-year revocation of his drivers license. The IG also found 29 second- and third-class pilots who had 3 or more DWI convictions since 1983. Combined, the 29 pilots had 94 DWI convictions in that time. This included one third-class pilot who had three convictions and had his license suspended for 10 years.

Yet, they all could fly, and the FAA had no way of checking into their records.

Mr. President, this is a gap we need to close. A driving record can indicate a pattern of behavior. If someone has a history of drunk driving convictions, we have a right to think about whether we want to allow that person in the cockpit of a plane.

The FAA already has the interest in knowing. Its medical certification application form asks for a great deal of information about a pilot's background. Included on that form is an inquiry about whether the applicant ever had, or now has traffic or other convictions.

But, under current law, the FAA cannot verify the information the applicant provides. The FAA should not fly blind while some pilots fly drunk. This bill would remove the obstacle that prevents the FAA from confirming pilots' backgrounds.

This change has long been endorsed by the National Transportation Safety Board, and is supported by the Department of Transportation. I would note, Mr. President, that similar provisions were included in the Rail Safety Improvement Act, which I introduced in April, and in S. 1539, the rail safety legislation subsequently reported by the Senate Commerce Committee.

I urge my colleagues to support this amendment.

I ask unanimous consent that a summary of the inspector general's Febru-

ary 17, 1987, report be included in the Record.

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

FEBRUARY 17, 1987.

Action: Report on Audit of Airmen Medical Certification Program, Federal Aviation Administration, Report No. AV-FA-7-018.

From: John W. Melchner, Inspector General.

To: Federal Aviation Administrator.

Attached are two copies of our report on the audit of the Airmen Medical Certification Program. The audit (i) evaluated controls in use by the Federal Aviation Administration (FAA) to ensure against issuance of certificates to air transport, commercial, and general aviation pilots who have a history of alcohol- or drug-related problems and (ii) determined whether pilots were reporting accurate and timely information regarding alcohol and drug use. The audit was performed at FAA Headquarters; the Civil Aeromedical Institute (CAMI), Oklahoma City, Oklahoma; and the Southern, Southwest, and Western-Pacific Regional Offices.

Our review concludes that, procedurally, the Airmen Medical Certification Program is overly dependent on pilots reporting that they have drug and/or alcohol problems. Current FAA regulations do not provide for independent verification of data reported by the pilot through either medical testing for alcohol or drug use or administrative cross-checks such as driving records. The effect of over reliance upon the pilot to disclose alcohol- or drug-related problems is difficult to quantify. However, we found that of the 711,648 active airmen medically certified by FAA, approximately 10,300 had their driving license suspended or revoked for driving while intoxicated (DWI) within the past 7 years. A total of 7,850 of these pilots did not report this information to FAA on their medical applications as required. These statistics cast serious doubt on the integrity of the self-disclosure policy of FAA, particularly as it applies to these serious convictions, and denies medical examiners important information in evaluating whether these pilots are medically qualified to fly an airplane.

Also, extensive delays are experienced in suspending or revoking the licenses of pilots when information is reported that indicates possible drug and/or alcohol problems. In addition, there are no objective standards to suspend or revoke an airman's license to fly, such as a certain number of convictions for DWI.

FAA contends that the data that they have reviewed have not validated the association between adverse driving records involving alcohol and aircraft accidents. However, as a result of the audit, FAA has initiated a research study which includes the matching of available aviation accident and toxicological data with the National Driver Register (NDR) information.

Based on the results of the study, FAA will consider amending Federal regulations to establish an objective standard for revoking or suspending pilots' privileges and seeking access to the NDR. FAA indicates concurrence or concurrence in principle with all the recommendations in the report. FAA officials have initiated several actions designed to result in improvements in the Airmen Medical Certification Program. An Advance Notice of Proposed Rulemaking was recently published to receive public comment regarding more intensive efforts by both industry and FAA to identify pilots with problems involving substance abuse.



In accordance with DOT Order 8000.1B, please advise our office within 90 days of the specific actions taken on the recommendations.

Mr. LAUTENBERG. Mr. President, this amendment has been cleared with the managers on both sides and I urge my colleagues to support this amendment. I move its adoption.

The PRESIDING OFFICER. Is there further discussion of the amendment? The Chair hears none.

The amendment (No. 1085) was agreed to.

Mr. FORD. I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. LAUTENBERG. 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. LAUTENBERG. 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. 1086

Mr. LAUTENBERG. 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 New Jersey, Mr. LAUTENBERG, proposes an amendment numbered 1086.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. . (a) The Secretary of Transportation shall initiate a supplementary rulemaking to require the installation and use of cockpit voice recorders and flight data recorders on commuter aircraft and other aircraft, commensurate with the recommendations of the National Transportation Safety Board.

(b) The Secretary of Transportation shall issue a notice of proposed rulemaking no later than 30 days after the date of the enactment of this Act.

Mr. LAUTENBERG. Mr. President, this amendment addresses an important safety issue: The use of cockpit voice recorders and flight data recorders in commuter aircraft.

These devices, commonly referred to as "black boxes," are vital in postaccident investigations. They provide the principal means of determining the cause of an accident, and thus in helping to prevent similar accidents.

Since 1978, the National Transportation Safety Board has requested on 10 different occasions that the Department of Transportation require the in-

stallation and use of these devices on commuter aircraft. To date, those recommendations have been largely ignored.

DOT did issue a rule in March of this year. That rule, however, did not address the important safety concerns outlined by the NTSB. The NTSB sent a lengthy letter to DOT in June, describing its continuing concerns, and urging further action. In order to take those concerns into account, it is important that DOT initiate a supplementary rulemaking.

Among the NTSB's principal concerns is the lack of black boxes on small commuter aircraft. For example, a December 1984 crash of a small commuter plane in Florida resulted in the death of 11 passengers and crew of 2. Because of the lack of black box equipment, the investigation of this crash was severely hampered. This lack of information prohibited a definitive determination of cause, and resulted in the grounding of an entire fleet of aircraft as investigators searched for clues.

Additionally, the NTSB feels that the current FAA requirements are insufficient to provide the necessary information. Significant advancements in technology have made better, more effective black boxes possible. More parameters can be monitored. More reliable information can be obtained. And costs can be brought down.

Mr. President, FAA's lack of action in this area has been a constant source of concern. We need to push for some movement.

That is the intent of this amendment. It would require that the Secretary conduct a supplementary rulemaking, and take into account the recommendations of the National Transportation Safety Board. It would require that the Secretary issue a notice of proposed rulemaking within 30 days of enactment of this act. Since the DOT has had the NTSB's recommendations for 5 months, and has heard these concerns for 9 years, this time frame is certainly reasonable.

Mr. President, I ask unanimous consent that a letter from the NTSB to the FAA be included in the RECORD at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. LAUTENBERG. Mr. President, this is an amendment that addresses an important safety issue. I believe it has been cleared with the managers, and that it is acceptable to them.

I urge adoption of the amendment.

#### EXHIBIT NO. 1

#### NATIONAL TRANSPORTATION SAFETY BOARD,

Washington, DC, June 19, 1987.

Hon. DONALD D. ENGEN,  
Administrator, Federal Aviation Administration,  
Washington, D.C.

Since the Safety Board issued its last flight recorder recommendations in August 1982, a number of significant events have occurred, the most notable of which were the Federal Aviation Administration's

(FAA) March 25, 1987, rule changes. Other events such as the technological development of solid-state flight data recorders (SFDR), the continued growth of the commuter air carrier industry, the 14 CFR Part 23 changes to provide for the definition and certification of a commuter category airplane, and the adoption of revised flight data recorder (FDR) and cockpit voice recorder (CVR) standards by the International Civil Aviation Organization (ICAO), have necessitated an update of the Safety Board's flight recorder recommendations. We believe it essential that future recorder requirements represent the best compromise among needs, design feasibility, and economic constraints. The Safety Board also believes its views, which are based on years of experience, as the ultimate user of flight recorder information for accident investigation purposes, satisfy the safety objectives of both government and industry. As a result, all existing Safety Board recommendations to the FAA regarding flight recorders will be "Closed—Superseded" or "Closed—Superseded/Unacceptable" by the new recommendations. The existing recommendations and their new classification are contained in the appendix to this letter. This will hopefully clarify the Safety Board's position on this very complex issue.

The new recommendations propose two distinct recorder groups—one for large airplanes used in air carrier operations and one for a commuter category and selected smaller aircraft operated under 14 CFR Part 91. The recommendations pertaining to large airplanes would expand the current requirements to include the Safety Board's parameter list as contained in table I on new manufactured airplanes and existing airplanes equipped with an Aeronautical Radio, Inc., (ARINC) 429 digital data bus or its equivalent. In addition, the large airplane recorder requirements would be extended to include 14 CFR Part 135 operations with aircraft capable of carrying 20 passengers or more. The second recorder group would include requirements for an 8-hour FDR and a 15-minute CVR. The 8-hour FDR requirements would apply to newly manufactured multiengine, turbine-powered aircraft capable of carrying 10 passengers or more and not currently required by 14 CFR Parts 121, 135, and 127 to have an FDR. The recommendation would require a 15-minute CVR on existing and newly manufactured multiengine, turbine-powered aircraft capable of carrying six passengers or more and requiring two pilots by certificate or operating rule and not currently required under 14 CFR Parts 121, 135, and 127 to have a CVR.

#### FLIGHT RECORDER REQUIREMENTS, 14 CFR PART 121

Although the Safety Board is pleased with the March 25, 1987, 14 CFR Part 121 rule changes that will eliminate the foil-type flight recorders, it is still concerned with the adequacies of the minimum standards for expanded recorders as set forth in 14 CFR Part 121, Appendix B, which was not affected by the March rule changes. The current list of required parameters was undoubtedly selected with the foresight available in 1969 when this portion of the rule was last amended. The experience acquired during the intervening 17 years has permitted the Safety Board to evaluate the usefulness of the required parameters and the potential significance of some parameters that are not required. Safety Recommendation A-82-66 addressed the need to update the mandatory parameter list and defined new parameters, improved accuracies, ranges, and sampling intervals. This recommendation is, in fact, a reaffirmation of Safety



Recommendations A-78-27 through -29 issued April 13, 1978, which, in part, proposed specific changes to Appendix B. The Safety Board presented its specific concerns regarding the inadequacies of Appendix B in its formal response dated April 8, 1985, to NPRM "Flight Recorder and Cockpit Voice Recorder" and in a followup letter to the Administrator of the FAA on April 25, 1985.

The international aviation community has also become aware of the need for improved flight recorder standards as exemplified by ICAO's adoption of new flight recorder standards that would require 32-parameter FDR systems. These 32 parameters and associated accuracies and recording intervals are consistent with those recommended by the Safety Board. In addition, the European Organization for Civil Aviation Electronics (EUROCAE) has concluded its March 23, 1987, meeting of Working Group 21 (flight data recorders) that was tasked to produce a document which defines minimum operational performance standards for FDRs. The minimum standards will provide guidance material for installation, parameters recorded, data compression, data retrieval, and crash survivability testing for the next generation of recorders, and will give the Europeans the lead in recorder development.

The technological changes that have occurred since 1969 have had a significant effect on the information needed to properly analyze an accident or incident. The current list of flight recorder parameters, whether required by the FAA or recommended by the Safety Board or ICAO, has always been a compromise between desired parameters and economically feasible parameters. The new electronic display systems (i.e., "glass cockpits"), however, provide some relief to the economic constraints and, at the same time, introduce additional investigative requirements. The ARINC 429 digital data bus which is on Boeing 757, 767, and 747-400, as well as the Airbus A300-600, A310, and 320 can provide a wealth of additional data. In fact, the amount of data is so extensive that the only constraint to the FDR system appears to be the recording capacity of the FDR. On the other hand, the new electronic displays pose new investigative challenges by the nature of their operational and physical characteristics. The video display units will supply little useful information in the postaccident environment and limited information to the flightcrew whose system monitoring functioning has been taken over by the electronic centralized aircraft monitor (ECAM) on the airplane or the engine indication and crew alerting systems (EICAS) on the Boeing 757 and 767 airplanes. With the expanded role of technology in the operation of modern aircraft, a thorough knowledge of the interaction of man and machine in accident investigations has become even more critical. The introduction of the Airbus A320 with its fly-by-wire technology will present new challenges in accident investigation that will require postaccident information of the quantity and quality that goes far beyond the current minimum standards of Appendix B.

Therefore, the Safety Board believes there is a definite need for additional flight recorder parameters; that the core requirements be increased to include those recommended by the Safety Board and ICAO; and that the minimum parameter list for a particular make and model aircraft be based on any unique design or operational capability defined at the time of certification.

The economic constraints to the acquisition of the additional data are minimal. As long as the additional data are on the ARINC 429 data bus or its equivalent, they

can be readily and easily recorded. The three leading manufacturers of digital flight data acquisition units (DFDAU) are producing microprocessor-based devices. Therefore, the parameters selected for recording need only be programmed into the programmable read-only memory (PROM). The one-time cost of programming the DFDAU for the recording of selected parameters could be amortized over an operator's entire fleet of a particular make and model of aircraft. One DFDAU manufacturer placed this one-time cost at between \$10,000 and \$15,000 per fleet.

#### COMMUTER AIR CARRIER/GENERAL AVIATION FLIGHT RECORDER REQUIREMENTS, 14 CFR 135/91

The Safety Board has long been concerned by the substantial growth of the commuter air carrier fleet and the lack of FDR and, until recently, of CVR requirements. The number of passengers enplaned by commuters between 1981 and 1986 grew by 84 percent and is expected to grow at an annual rate of 8.3 percent during the next decade.<sup>1</sup> This growth has required the acquisition of newly manufactured aircraft designed specifically for the commuter market. The maximum takeoff weight of most of these new airplanes is in excess of 12,500 pounds, but since a significant number carry less than 30 passengers and have payloads of 7,500 pounds or less, they can be operated without flight records under the commuter rules of 14 CFR Part 135. Indeed, some airplane manufacturers have gone so far as to advertise this fact in their sales literature.

A number of these newly manufactured airplanes employ state-of-the-art avionics and control systems, such as the so-called "glass cockpit." As with their larger air carrier counterparts, these new digital systems will present some unique and potentially insurmountable problems to accident investigators. Much of the postaccident cockpit documentation, such as switch and instrument positions, that have proven so vital in past investigations will no longer be available. On the more positive side, the availability of vast amounts of pertinent information on digital data buses will greatly improve the technological and economical feasibility of installing FDR's on airplanes of this size.

The commuter air carrier industry is currently undergoing technological and operational changes comparable to that faced by the certificated air carrier industry some 17 years ago when wide-bodied jets were introduced. At that time, the existing flight recorder requirements were determined to have been inadequate, and a new set of standards was developed. Unfortunately, the new recorder standards applied only to airplanes with a type certification date subsequent to September 30, 1969, regardless of the date of manufacture of the airplane. The March 25, 1987, flight recorder rule changes are testimony to the inappropriate application of the 1969 standards. The additional expense associated with a retrofit as opposed to installation during manufacture is apparent; what is not apparent is the loss of vital accident data due to the lack of an adequate recorder system during the intervening years. It is not possible to estimate how many lives or millions of dollars could have been saved had the changes adopted on March 25, 1987, been implemented 17 years earlier. The FAA is now in a position to make a similar decision concerning CVR

and FDR requirements for commuter air carriers.

The Safety Board believes that the January 15, 1987, change to 14 CFR Part 23, that defines the "commuter category" as airplanes having a seating configuration, excluding the pilot seats, of 19 or less, and a maximum certificated takeoff weight of 19,000 pounds or less, is consistent with a logical division point for the complexity and type of recorder required. An examination of commuter fleet indicates that only three airplane models have a seating capacity of from 20 to 30 passengers,<sup>2</sup> and a maximum payload of 7,500 pounds or less. Two of the three airplanes, the Embraer EMB-120 and Shorts 330, have a seating capacity of 30 passengers, while the third, the CASA 212, has a seating capacity of 26 passengers. The Safety Board believes that these airplanes are of sufficient size and complexity to warrant the installation of flight recorders that meet the requirements of 14 CFR Part 121. In the case of two models, the addition of a single passenger seat would require the installation of a CVR and FDR under the existing Part 121 rules. At least two models, the EMB-120 and Shorts 330 are being operated in Europe with complete FDR and CVR systems. In fact, the first Shorts 330 delivered to the United States were required by U.S. standards at the time to have an FDR and CVR.

Therefore, the airplanes that fall into the designation of commuter category, 19 or less passengers and 19,000 pounds, are distinctly different from their larger Part 135 counterparts, the maximum seating capacities of which are some 7 to 11 seats larger. The Safety Board believes that a more logical division for those airplanes requiring compliance with 14 CFR Part 121 flight recorder rules would be 20 passengers or more and not 31 as currently required. This would be more consistent with the distinct division that currently exists in the commuter fleet and would align those few airplane models of larger capacity with the intent of the 14 CFR Part 121 recorder rules.

The technological feasibility of a flight recorder for the commuter category aircraft (19 passengers or less) is no longer in question. In fact, one recorder manufacturer has developed a recorder for the general aviation market that meets the technical standards of SAE 8039.<sup>3</sup> In addition, the U.S. Army has just embarked on a prototype program to install 200 FDRs in its UH-64 Blackhawk helicopters. These recorders are a standard off-the-shelf version of a digital data recorder currently in use by a number of U.S. and foreign air carriers. This prototype program is a prelude to a much larger program which specifies that SFDRs be installed on the U.S. Army's entire fleet of aircraft. Also, the U.S. Air Force is currently flying F-16 and B1 airplanes equipped with SFDRs. In addition, a solid-state version of the 25-hour air carrier FDR has been proposed by one recorder manufacturer and is under development by others. Consequently, the Safety Board believes that a technological spinoff for general aviation commuter category recorders is highly probable and that these small lightweight recorders can be retrofitted into aircraft with systems similar to those generally found in the commuter air carrier fleet.

The investigations of commuter airplane accidents that have occurred since the Safety Board's last recommendations continue to

<sup>1</sup> "Regional Airline Association 1986 Annual Report," published by the Regional Airline Association, 1101 Connecticut Avenue, N.W., Washington, D.C. 20036.

<sup>2</sup> "Regional Airline Association 1986 Annual Report," Ibid.

<sup>3</sup> Society of Automotive Engineers, Inc., "Minimum Performance Standards General Aviation Flight Recorder."



emphasize the need for CVRs and FDRs. On December 6, 1984, a Provincetown Boston Air (PBA) Embraer EMB-110 crashed shortly after taking off from Jacksonville, Florida. All 11 passengers and 2 crewmembers were killed and the airplane was destroyed. Although the evidence of an in-flight structural failure was obvious, the reason for the failure was not. In fact, the investigators had so few clues to work with that Emergency Airworthiness Directive 85-01-51 was issued on January 10, 1985, which essentially grounded the U.S. EMB-110 fleet until an inspection of remaining airplanes could be completed. The investigation continued for 18 months, far longer than most comparable air carrier accident investigations. In addition, the degree of certainty as to why the accident occurred would have been significantly more positive had CVR and FDR information been available. The Safety Board was able only to conclude that a pitch control problem occurred but was unable to determine the precise malfunction that caused the problem. The Safety Board is confident that, had CVR and FDR information been available, the cause would have been determined in a much more timely manner and with a precise identification of the malfunction.

During a 7-month period from August 25, 1985, to March 13, 1986, the commuter air carrier industry suffered three fatal accidents:

On August 25, 1985, Bar Harbor Flight 1808, a Beech Model 99, crashed during an instrument landing system (ILS) approach to Auburn-Lewiston Airport, Auburn, Maine. The airplane struck trees at an elevation of 845 feet mean sea level (msl) in a wings level attitude 4,000 feet from the end of the runway threshold and 440 feet to the right of the extended runway centerline; all eight persons aboard were fatally injured.<sup>4</sup>

On September 23, 1985, Henson Airlines Flight 1517, a Beech B99, crashed during an ILS approach to Shenandoah Valley Airport, Weyers Cave, Virginia. The airplane struck trees at an elevation of 2,400 feet msl in a wings level attitude about 6 miles east of the airports; all 14 persons aboard were fatally injured.<sup>5</sup>

On March 13, 1986, Simmons Airlines Flight 1746, an Embraer EMB-110P1, crashed during an ILS approach to Phelps Collins Airport, Alpena, Michigan. The airplane struck trees at an elevation of 725 feet msl in a wings level attitude about 1.5 miles from the end of the runway threshold and about 300 feet to the left of the extended runway centerline; three of the nine airplane occupants were fatally injured.<sup>6</sup>

In all three accidents, the flightcrews were involved in precision instrument approaches in instrument meteorological conditions. The recorded air traffic control (ATC) communications in all three instances gave no indication that the flightcrews were experiencing any mechanical or ILS navigational problems. The ensuing examinations of the airplane wreckage and navigational aids did not disclose any problems that would have caused or would have

contributed to the flightcrew's wings level controlled crashes. Therefore, with the lack of any evidence to suggest mechanical malfunctions, the investigations focused on flightcrew performance.

Unfortunately, the lack of flight recorder information severely limited the scope of the flightcrew performance investigations. As a result, the investigators were confined to areas such as interviews with fellow crewmembers, training records, FAA surveillance, cockpit, standardization, and a number of additional operational factors. Although the investigative efforts produced a number of significant safety recommendations based on sound evidence of potentially hazardous conditions and practices, the specific flightcrew actions, inactions, environmental conditions, heretofore undetermined equipment failures or combinations thereof that caused the accidents could not be positively identified. Further, the lack of a definitive accident cause diminishes the effectiveness of the Safety Board's recommendations to improve safety. However, the Safety Board is confident that, had flight recorder information been available, the specific deficiencies in flightcrew performance or some heretofore unknown failure or malfunction would have been determined for these accidents.

Two more recent incidents further exemplify the need and benefits of FDRs and CVRs. The first incident involved a regional air carrier, operating a 42-passenger turboprop airplane.<sup>7</sup> During an ILS landing approach in icing conditions, control was lost and the airplane rolled abruptly to the right and left and descended 600 feet before the flightcrew could regain control. On the same day, a second airplane of the same type operated by the same operator had a similar but far less severe encounter. The FAA acted promptly to prohibit operations into forecast icing conditions until the airworthiness of the airplane could be further evaluated. The FDR from both airplanes and the CVR from the first airplane were removed and analyzed. The recorded data clearly identified the cause of the loss of control as operational rather than anything related to airworthiness and thus allowed for a prompt implementation of corrective action and the removal of the icing prohibition. This all took place within a matter of days.

In stark contrast is the March 4, 1987, fatal accident in Detroit, Michigan, involving a regional air carrier operating a 26-passenger CASA 212 that crashed inverted while on final approach to the airport. Because this airplane is certified to carry less than 30 passengers and has a maximum payload of less than 7,500 pounds, CVR and FDR information was not available nor was it required. Without the CVR and FDR information, the investigation is limited to witness statements, ground impact marks, badly damaged and burned wreckage, limited air traffic control radar data, and flight test data. During the week of March 16 through March 20, an FAA flight test team was dispatched to Madrid, Spain, to conduct a flight test in the area of stall characteristics, stall warning, directional stability, and engine-out controllability. The team determined that the natural stall warning was inadequate. An NPRM was issued on April 10 that would require the installation of an artificial stall warning system in the CASA-212. However, even with the information obtained from this flight test program, a positive determination of factors that caused

the accident may never be made. The possibility of an additional flight test program in currently under review. In the interim, however, there are 29 CASA 212s in the United States and over 300 worldwide operating without restriction and without a determination as to what caused the accident or even what happened.

On May 8, 1987, another CASA-212 in scheduled commuter operation crashed on the final approach to the airport in Mayaguez, Puerto Rico. Both pilots were killed, and the four passengers aboard were injured. The airplane was destroyed. There was no CVR or FDR aboard the airplane, and Safety Board investigators are limited to information similar to that available in the Detroit accident.

As the accident record shows, the need for FDRs and CVRs on commuter category airplanes has not diminished since the last recorded recommendations were issued by the Safety Board in 1982.

#### COCKPIT VOICE RECORDER "HOT MIC," 14 CFR PARTS 121, 135, 25, AND 23

The Safety Board has found the performance of CVR installations where the audio signal from the boom microphone of each flight crewmember is continuously recorded on a dedicated channel, often referred to as a "hot mic," to be far superior to the standard cockpit area microphone (CAM). This conclusion was reached after the Safety Board investigated a number of accidents/incidents involving both U.S. and foreign registered airplanes equipped with CVR "hot mics." In fact, the "hot mic" has proven to be a most significant technological improvement in CVRs. The level of improvement far surpasses any technological improvements that could be achieved by state-of-the-art recording or signal processing equipment.

In contrast, the quality of the audio signal recorded by the standard CAM can generally be described as poor, which requires considerable time and effort to produce a transcript. Frequently, the tape contains unintelligible dialog that is important to the determination of causal factors. The high quality audio signal available from the "hot mic" would eliminate this problem for the most part, and at the same time, provide additional benefits, as follows:

- Positive crewmember identification,
- Redundant multichannel recordings,
- A potential for the evaluation of crewmember incapacitation by monitoring respiration rates, and
- Improved accuracy in determining which pilot was controlling the aircraft.

The Civil Aviation Authority (CAA) of the United Kingdom (UK) has required CVR "hot mic" since 1974. The UK Accident Investigation Branch's nearly 13 years of experience in analyzing CVR "hot mic" recording has prompted it to promote the adoption of CVR "hot mic" standards by the international aviation community. As a result, both ICAO and EUROCAE have adopted CVR "hot mic" standards. In addition, the Board of Directors of the Air Line Pilots Association voted in May 1987 to adopt a resolution to promote the use of CVR "hot mics."

The use of CVR "hot mic" may be the only means of producing an adequate CVR recording of pilot conversation for some airplanes. A good example of this was the standard CVR installation in the deHavilland Dash 7, which was found by the FAA's Flight Standards District Office in Milwaukee, Wisconsin, to be unsatisfactory. As a result, deHavilland engineers found that the only satisfactory solution was to install a "hot mic."

<sup>4</sup> For more detailed information, read Aircraft Accident Report—"Bar Harbor Airlines Flight 1808, Beech B-99, N330WP, Auburn-Lewiston Airport, Auburn, Maine, August 25, 1985" (NTSB/AAR-86/07).

<sup>5</sup> For more detailed information, read Aircraft Accident Report—"Henson Airlines Flight 1517, Beech B-99, N339HA, Shenandoah Valley Airport, Grottoes, Virginia, September 23, 1985" (NTSB/AAR-86-07).

<sup>6</sup> For more detailed information, read Aircraft Accident Report—"Simmons Airlines, Flight 1746, Embraer Bandeirante EMB-110P1, N1356P, Near Alpena, Michigan, March 13, 1986" (NTSB/MAR-87/02).

<sup>7</sup> For more detailed information read, Aircraft Accident/Incident Summary Investigation No. DCA-87-1A015.



Although the benefits of CVR "hot mic" are numerous, the economic penalties are slight. In fact, most if not all major airplane manufacturers are now offering CVR "hot mic" as standard equipment. Therefore, a CVR "hot mic" requirement would not pose an economic penalty for operators purchasing new equipment.

#### GENERAL AVIATION, 14 CFR PART 91<sup>9</sup>

The general aviation fleet is undergoing a technological evolution similar to, and in some respect greater than that occurring in the air carrier and commuter fleets. The technological advances in the general aviation fleet have been numerous and varied, with the introduction of composite structures, digital data buses, and advanced automatic flight control systems. An indication of how pervasive the introduction of state-of-the-art technology has become was the November 1986 release by the General Aviation Manufacturers Association (GAMA) of three digital data bus standards for general aviation aircraft. As discussed earlier, these digital systems offer both an opportunity and a challenge to future accident/incident investigations. The opportunity stems from the relative ease by which vast amounts of significant information can be accessed and recorded. The challenge will come if this opportunity is not taken, for without crash-protected information, future investigations will have even less evidence than is currently available on conventional aircraft from cockpit instruments, light bulbs, switch settings, etc. Unfortunately, it is not merely an investigative challenge that is at stake—the lives and property of future passengers and owners are also at stake.

The accident record continues to present evidence that this challenge has been formidable and costly, both in lives and property. For example, the accident/incident histories of the Mitsubishi MU-2 and the Gates Learjet Models 24 and 25 airplanes provide an appreciation for the consequences of not having flight recorder information. The accident/incident records of the Learjet and MU-2 have been well documented in previous Safety Board recommendations<sup>8</sup> and, therefore, need not be reiterated in detail. Briefly stated, however, both airplanes have a history of experiencing a sudden loss or reduction of control, which in many instances resulted in uncontrolled, high speed collisions with the ground.

In a recent MU-2 accident of this type, shortly before the fatal uncontrolled ground collision, the pilot radioed that the autopilot was pitching the airplane nose-down and that he could not control it. Because of this information, the Safety Board has been able to focus its investigative efforts in this accident, and other MU-2 accidents, on specific components of the Bendix M-4 autopilot system. This was accomplished by the correlation of the service difficulty reports and accident/incident histories of the MU-2s and Learjet airplanes. Although these most recent investigative efforts appear to be providing some answers, it has been much too long and costly in terms of lives and property. The very long time taken to reach this point in the investigative process stems directly from the lack of information of the type provided by modern recorders. It is safe to say that had data similar to that proposed in the attached recommendation been available, a much more timely resolution of the serious

safety problems could have been made which might have prevented all subsequent occurrences.

The benefits of flight recorder information are becoming apparent to elements of the general aviation community as voluntarily installed recorders begin to yield valuable information. An indication of this was the recent National Business Aircraft Association (NBAA) change of policy that now encourages its members to consider voluntary installation of CVRs. In stating this policy change, Mr. Jonathan Howe, president of NBAA, cited the value of CVR information in the recent investigation of a collision between a corporate jet and a small plane.<sup>10</sup>

#### SUMMARY

The aviation community and the commuter airlines in particular cannot afford to identify its safety problems by an accumulation of accidents in which the cause cannot be determined in a timely and definitive manner. The public expects and deserves a prompt and accurate determination of cause and should never be subjected to a repeat of unresolved accidents. The Safety Board is confident that, in the cases previously cited, the recommended CVR/FDR systems would have provided data of sufficient quality and quantity to determine in a much more timely manner the specific safety problems with a much higher degree of certainty.

The FAA has repeatedly cited cost as the main reason for not requiring FDRs and a retrofit of CVRs on commuter airplanes and general aviation aircraft. Although the FAA recognized the benefits of recorders, as evidenced by NPRM 85-1 "Flight Recorders and Cockpit Voice Recorders," which encouraged the voluntary installation of approved flight recorders and the soon-to-be-adopted Technical Standard Order (TSO) C-111, "General Aviation Flight Recorders," it has not seen fit to make them mandatory. The problem of implementing the Safety Board's recommendations, however, comes with the FAA's approach to determining the cost-benefit requirement as specified by Executive Order 12291. The Safety Board believes that the FAA's cost-benefit evaluation is dated and, therefore, does not truly reflect the state-of-the-art in aircraft and recorder technologies. Fortunately, the aviation industry has not been waiting for the FAA's leadership in the area of flight recorders. Technology has progressed, and there are a number of SFDRs in operation on military aircraft which could be adapted for use in the commuter and general aviation fleets with little difficulty or cost.

In the past, the Safety Board recommended the prewiring of newly manufactured aircraft pending the development of a general aviation recorder which the Safety Board acknowledged was not commercially available. The Safety Board now believes that it is no longer necessary to go through the prewiring phase while waiting for the industry to develop a recorder for airplanes that have no mandatory compliance date. The Safety Board believes that the technology currently exists to permit the recorder industry to develop suitable and economically feasible flight recorders. This is not to say that a prewire phase should not precede the mandatory compliance date, thus ensuring the most comprehensive coverage without requiring a retrofit.

#### NEW RECORDER TECHNICAL STANDARDS, 14 CFR PARTS 91, 121, AND 135

There are a number of recorder manufacturers interested in developing SFDRs to replace the existing electromechanical digital

recorders, but they are finding their efforts stymied by the lack of a suitable TSO. The existing flight recorder TSO was issued in 1958 and does not address many significant features of an SFDR. EUROCAE, currently operating under the same TSO, also has recognized the shortcomings of TSO C-51 and plans to have a new standard in about a year. The SFDRs radical departure from existing recorder technology while offering many advantages will also feature survivability requirements never envisioned by the drafters of TSO C-51. For example, the requirements to hydrostatically test a recorder have never been a problem because the memory mediums currently in use are not as vulnerable to crushing. Crush-testing, however, is important to an SFDR, because its memory chip could crush at extreme ocean depths. The recorder industry needs to know soon the crush load which the unit must be designed to withstand. To properly determine the design crush load criteria about ocean depths, as related to the probability of recovery within the life span of underwater locator beacons, recovery capabilities and costs of recovery must be established.

The new TSO must also address items such as sampling intervals, accuracies that reflect state-of-the-art sensors, and recording resolution. Recording resolution is of particular importance in defining data compression techniques and memory size. The Safety Board believes that any data compression techniques must record changes to the least significant bit, but at the same time acknowledges that the current standing for digital recorders, ARINC 573 and 717, places word size at 12 bits which for a number of parameters is larger than necessary. Therefore, the minimum word size should be determined on a parameter by parameter basis.

The verification that a recorder can retain the most recent 25 hours (14 CFR Part 121) or 8 hours (14 CFR Parts 91 and 135) of recorded data is also causing concern among recorder manufacturers. In the past, the capacity of the recorder was determined by the size of the memory medium. With an SFDR employing data compression, it is no longer a function only of memory size but also of the activity of the flight—the more active the flight the more memory required. Therefore, a standard by which a recorder's ability to retain 25 or 8 hours of data must be established. The Safety Board is willing to accept a standard that would permit the retention of less than 25 or 8 hours under extreme conditions, but not to exceed 10 percent of capacity.

#### EXPANDED FLIGHT RECORDER REQUIREMENTS FOR NEW AIRPLANES, 14 CFR PARTS 23 AND 25

The technological advancements in recent years and those envisioned for the future have made it impractical to require only a minimum parameter list for all new airplanes. Therefore, the Safety Board believes that any unique design or operational characteristics that affect the performance of the airplane, in the form of handling qualities and performance limitations such as take off and stopping distances or any critical autopilot configurations and, particularly, any expert artificial intelligence dedicated to a monitoring function deemed critical to airplane operation, must be evaluated at the time of airplane certification to ensure that sufficient information will be recorded from which airplane performance can be determined. Specific language must be written into the rules to address these requirements.

In past discussions between staff on this subject, the FAA has insisted that the cur-

<sup>9</sup> In the context of this letter, the term "general aviation" means multiengine turbine-powered aircraft.

<sup>8</sup> Safety Recommendations A-81-106 through -111, issued August 31, 1982, and A-86-132 through -134, issued January 9, 1987.

<sup>10</sup> Aviation Daily, April 15, 1987.



rent rules are adequate to ensure that this will be done. The Safety Board finds that this interpretation of the rule is not shared by all regions. For example, the Boeing 757s sold to Delta Air Lines and Northwest Air Lines do not record angle of attack although it is readily available on the digital data bus. The current rule lists angle of attack as a mandatory parameter "if recorded directly" which is somewhat confusing and subject to misinterpretation.

As a consequence of this comprehensive review of the status of flight recorders, the National Transportation Safety Board recommends that the Federal Aviation Administration:

Amend 14 CFR 121.343 to require that, after a specified date, all airplanes equipped with a 429 digital data bus or equivalent—(i.e., "glass cockpits") be retrofitted to record sufficient data to determine the parameters in table I. (Class II, Priority Action) (A-87-77)

Amend 14 CFR 121.343 to require that, after a specified date, all airplanes manufactured after that date be equipped with an approved flight recorder that records data from which the information listed in table I can be determined. (Class II, Priority Action) (A-87-78)

Amend 14 CFR Part 127, Subpart H, to require that all existing and newly manufactured rotorcraft, regardless of the date of original type certificate, be equipped with one or more approved flight recorders that record data from which the information listed in table II can be determined. The recorder should retain no less than the 8 hours of aircraft operation. (Class II, Priority Action) (A-87-79)

Amend 14 CFR Part 135 to require that, after a specified date, all multiengine turbine-powered aircraft (both fixed-wing and rotorcraft) capable of carrying 10 to 19 passengers, brought onto the U.S. register, be equipped with an approved flight recorder that records data from which the information listed in tables III and IV can be determined, and at a date to precede the above date, that all subject aircraft be prewired to accept a flight data recorder capable of recording data from which the information in tables III and IV can be determined. The recorder should retain no less than the 8 hours of aircraft operation. (Class II, Priority Action) (A-87-80)

Amend 14 CFR Part 135.151 to require that, after a specified date, a cockpit voice

recorder be installed on all currently certified multiengine turbine-powered aircraft (both fixed-wing and rotorcraft), which are certified to carry six or more passengers and which are required by certificate or operating rule to have two pilots, used in any type of operation not currently required by 14 CFR 121.359, 135.151, and 127.127 to have a cockpit voice recorder. The cockpit voice recorder should have at least one channel reserved for voice communications transmitted from or received in the aircraft by the radio and one channel reserved for audio signals from a cockpit area microphone, and should record at least the last 15 minutes of aircraft operation. (Class II, Priority Action) (A-87-81)

Amend 14 CFR 135.2 to require that those aircraft (both fixed-wing and rotorcraft) capable of carrying 20 passengers or more to be equipped with flight data recorders that comply with 121.343 flight recorder requirements as changed to conform to Safety Recommendations A-87-77 and -78. (Class II, Priority Action) (A-87-82)

Amend 14 CFR 135.151 to require that those aircraft (both fixed-wing and rotorcraft) capable of carrying 20 passengers or more, and not currently required by 14 CFR 121.359 or 135.151 to have a cockpit voice recorder, be equipped with a cockpit voice recorder that meets 14 CFR 121.359 requirements. (Class II, Priority Action) (A-87-83)

Amend 14 CFR Part 91 to require that, after a specified date, all multiengine turbine-powered aircraft (both fixed-wing and rotorcraft) capable of carrying 10 or more passengers brought onto the U.S. register, be equipped with an approved flight recorder that records data from which the information listed in tables III and IV can be determined at a date to precede the above date, and that all subject aircraft be prewired to accept a flight data recorder capable of recording data from which the information in tables III and IV can be determined. The recorder should retain no less than the last 8 hours of aircraft operation. (Class II, Priority Action) (A-87-84)

Amend 14 CFR Part 91 to require the installation of a cockpit voice recorder in all multiengine turbine-powered aircraft (both fixed-wing and rotorcraft) capable of carrying six passengers or more, which require two pilots by certificate or operating rule, and which currently are not required by 14 CFR 121.359, 135.151, and 127.127 to have a cockpit voice recorder. The recorder should

have at least one channel reserved for voice communications transmitted from or received in the aircraft by the radio and one channel reserved for audio signals from a cockpit area microphone, and should record during the last 15 minutes of aircraft operation. (Class II, Priority Action) (A-87-85)

Develop a technical standard order (TSO) for solid-state flight data recorders (SFDR) specifying resolution, sampling intervals, accuracies, and specify crash/fire survivability requirements to accommodate the unique design characteristics of the SFDR not currently covered by TSO C-51A. Also provide specific criteria by which the ability of the recorder to retain the most recent 25 or 8 hours of recorded data can be verified. (Class II, Priority Action) (A-87-86)

Amend 14 CFR Part 23, 25, 27, and 29 to require that all newly type-certificated aircraft be evaluated to determine any dedicated parameters that must be recorded on flight data recorders because of the unique design or operational characteristics of the aircraft. (Class II, Priority Action) (A-87-87)

Amend 14 CFR Part 23 and 25 to require that all newly manufactured aircraft and new cockpit voice recorder installations be designed such that an uninterrupted recording from the boom or mask microphones and headphones for each flight crewmember's position and from an area microphone can be made on dedicated channels of the CVR. On those aircraft requiring only two flight crewmembers, the unused channel should record the passenger address audio signal when available. A sidetone shall be produced only when the transmitter or interphone is selected, and, in addition, all audio signals received by hand-held microphones shall be recorded on the respective crewmember's channel when keyed to the "ON" position. (Class II, Priority Action) (A-87-88)

Amend 14 CFR Part 121 and 135 to require the use of boom microphones by all flight crewmembers below 18,000 feet mean sea level on those aircraft equipped to record the uninterrupted audio signals received by a boom or mask microphone. (Class II, Priority Action) (A-87-89)

Burnett, Chairman, goldman, Vice Chairman, and Lauber, Nall, and Kolstad, Members, concurred in these recommendations.

JIM BURNETT,  
Chairman.

TABLE I.—PARAMETER LIST (14 CFR 121)

Parameters	Range	Accuracy (sensor input to DFDR readout)	Sampling interval (per second)
Time (GMT)	74 Hrs	±0.125 percent Per Hour	0.25 (1 per 4 seconds).
Altitude	—1,000 ft. to max certified altitude of aircraft	±100 to 700 ft. (See Table 1, TSO-C51a)	1
Airspeed	50 KIAS to V <sub>so</sub> and V <sub>so</sub> to 1.2 V <sub>P</sub>	±5 percent, ±3 percent	1
Heading	360°	±2°	1
Normal acceleration (vertical)	—3g to +6g	±1 percent of max range excluding datum error of ±5 percent	8
Pitch attitude	±75°	±2°	1
Roll attitude	±180°	±2°	1
Radio transmitter keying	On-off (discrete)	1	1
Thrust/power on each engine	Full range forward	±2 percent	1 (per engine).
Trailing edge flap or cockpit control selection	Full range or each discrete position	±3° or as pilot's indicator	0.5
do	do	do	0.5
Thrust reverse position	Stowed, in transit, and reverse (discrete)	1	1 (per engine).
Ground spoiler/speed brake selection	Full range or each discrete position	±2 percent unless higher accuracy uniquely required	1
Marker beacon passage	Discrete	1	1
Autopilot engagement	do	1	1
Longitudinal acceleration	±1g	±1.5 percent max range excluding datum error of ±5 percent	4
Pilot input and surface position—primary controls (pitch, roll, yaw)	Full range	±2° unless higher accuracy uniquely required	1
Lateral acceleration	±1g	±1.5 percent max range excluding datum error of ±5 percent	4
Pitch trim position	Full range	±3 percent unless higher accuracy uniquely required	1
Glide slope deviation	±400 microamps	±3 percent	1
Localizer deviation	do	±3 percent	1
AFC mode and engagement status	Discrete (5 bits necessary)	1	1
Radio altitude	—20 ft. to 2,500 ft.	±2 ft. Or ±3 percent whichever is greater below 500 ft. and 5 percent above 500 ft.	1
Master warning	Discrete	1	1
Nav 1 and 2 frequency selection	Full range	As installed	0.25
DME 1 and 2 distance	0-200 NM	do	0.25
Main gear squat switch status	Discrete	1	1
Angle of attack (if recorded directly)	As installed	do	2
Outside air temperature	—90°C to 50°C	±2°C	0.5
Hydraulics, each system—low pressure	Discrete	1	0.5



TABLE I.—PARAMETER LIST (14 CFR 121)—Continued

Parameters	Range	Accuracy (sensor input to DFDR readout)	Sampling interval (per second)
Ground speed	As installed	Most accurate system installed (INS equipped aircraft only)	1.

TABLE II.—PARAMETER LIST (14 CFR 127)

Parameters	Range	Accuracy (sensor input to DFDR readout)	Sampling interval (per second)
Time (GMT)	24 hrs	±0.125 percent per hr.	0.25 (1 per 4 seconds).
Pressure altitude	—1,000 ft. to max certificated altitude of aircraft	±100 to ±700 ft. (See Table I, TSO-C51a)	1.
Airspeed	As the installed measuring system	±3 percent	1.
Heading	360°	±2°	1.
Normal acceleration (vertical)	—3g to +6g	±1 percent of max range excluding datum error of ±5 percent	8.
Pitch attitude	±75°	±2°	2.
Roll attitude	±180°	±2°	2.
Radio transmitter keying	On/off (discrete)	—	1.
Power on each engine: Free power turbine speed and engine torque	0–130 percent (power turbine speed) full range (torque)	±2 percent	1 speed, 1 torque (per engine).
Main rotor speed	0–130 percent	do	2.
Altitude rate	±6,000 ft./min	As installed	2.
Pilot input—primary controls (collective, longitudinal cyclic, lateral cyclic, pedal)	Full range	±3 percent	2.
Flight control hydraulic pressure low	Discrete, each circuit	—	1.
Flight control hydraulic pressure selector switch position, 1st and 2nd stage	Discrete	—	1.
AFCS mode and engagement status	Discrete (5 bits necessary)	—	1.
Stability augmentation system engage	Discrete	—	1.
SAS fault status	do	—	0.25.
Main gearbox pressure low	As installed	As installed	0.25.
Main gearbox temperature high	do	do	0.25.
Controllable stabilator position	Full range	±3 percent	2.
Longitudinal acceleration	±1g	±1.5 percent max range excluding datum error of ±5 percent	4.
Lateral acceleration	±1g	do	4.
Master warning	Discrete	—	1.
Nav 1 and 2 frequency selection	Full range	As installed	0.25.
Outside air temperature	−90°C to +50°C	±2°C	0.5.

TABLE III.—PARAMETER LIST (FIXED WING AIRCRAFT)

Parameters	Range	Installed system <sup>1</sup> minimum accuracy (to recovered data)	Sampling interval (per second)
Relative Time (from recorder on prior to takeoff)	8 hrs. minimum	±0.125 percent hour	1.
Indicated airspeed	V <sub>so</sub> to V <sub>D</sub> (KIAS)	±5 percent or ±10 kts., whichever is greater. Resolution 2 kts. below 175 KIAS.	1.
Altitude	—1,000 ft. to max. cert. alt. of A/C	±100 to ±700 ft. (see Table I, TSO C51-a)	1.
Magnetic heading	360°	±5°	1.
Vertical acceleration	—3g to +6g	±0.2g in addition to ±0.3g maximum datum error	4. (or 1 per second where peaks ref. to 1g are recorded).
Longitudinal acceleration	±1.0g	±0.05g in addition to max. datum error of ±0.1g	2.
Pitch attitude	100 percent of usable range	±2°	1.
Roll attitude	±60° or 100 percent of usable range, whichever is greater	±2°	1.
Stabilizer trim position or pitch control position	Full range	±3 percent unless higher accuracy uniquely required	1.
Engine power, each engine:			
Fan or N <sub>1</sub> speed or EPR or cockpit indications used for aircraft certification	Maximum range	±5 percent	1.
Prop. speed and torque (sampled once/sec as close together as practicable)			1 (prop speed); 1 (torque).
Altitude rate <sup>2</sup> (need depends on altitude resolution)	±8,000 fpm	±10 percent Resolution 250 fpm below 12,000 ft. indicated	1.
Angle of attack <sup>2</sup> (need depends on altitude resolution)	−20° to +40° or 100 percent of usable range	±2°	1.
Radio transmitter keying (discrete)	On/off	—	1.
TE flaps (discrete or analog)	Each discrete position (U,D,T,O,APP) or analog 0–100 percent range	±3°	1.
LE flaps (discrete or analog)	do	±3°	1.
Thrust reverser, each engine (discrete)	Stowed or full reverse	—	1.
Spoiler/speedbrake (discrete)	Stowed or out	—	1.
Autopilot engaged (discrete)	Engaged or disengaged	—	1.

<sup>1</sup> When data sources air aircraft instruments (except altimeters) or acceptable quality to fly the aircraft, the recording system excluding these sensors (but including all other characteristics of the recording system) shall contribute no more than half the values in this column.

<sup>2</sup> If data from the altitude encoding altimeter (100 ft. resolution) is used, then either one of these parameters should also be recorded. If, however, altitude is recorded at a minimum resolution of 25 feet, then these two parameters can be omitted.

TABLE IV.—PARAMETER LIST (ROTORCRAFT)

Parameters	Range	Installed system <sup>1</sup> minimum accuracy (to recovered data)	Sampling interval (per second)
Relative Time (from recorder on prior to takeoff)	4 hrs. minimum	±0.125 percent per hour	1.
Indicated airspeed	V <sub>min</sub> to V <sub>D</sub> (KIAS) (minimum airspeed signal attainable with installed pilot-static system).	±5 percent or ±10 kts., whichever greater	1.
Altitude	—1,000 ft. to 20,000 ft. pressure altitude	±100 to ±700 ft. (see Table I, TSO C51-a)	1.
Magnetic heading	360°	±5°	1.
Vertical acceleration	—3g to +6g	±0.2g in addition to ±0.3g maximum datum error	4. (or 1 per second where peaks ref. to 1g are recorded).
Longitudinal acceleration	±1.0g	±0.05g in addition to maximum datum error of ±0.1g	2.
Pitch attitude	100 percent of usable range	±2°	1.
Roll attitude	±60° or 100 percent of usable ±2° range, whichever is greater	±2°	1.
Altitude rate	±8,000 fpm	±10 percent. Resolution 250 fpm below 12,000 ft. indicated	1.
Engine power, each engine:			
Main rotor speed	Max. range	±5 percent	1.
Free or power turbine speed	do	do	1.
Engine torque	do	do	1.
Flight control hydraulic pressure:			
Primary (discrete)	High/low	—	1.
Secondary—if applicable (discrete)	do	—	1.
Radio transmitter keying (discrete)	On/off	—	1.
Autopilot engaged (discrete)	Engaged/disengaged	—	1.
SAS status engaged (discrete)	do	—	1.
SAS fault status (discrete)	Fault/OK	—	1.
Flight controls:			
Collective	Full range	±3 percent	2.
Pedal position	do	do	2.
Lat. cyclic	do	do	2.
Long. cyclic	do	do	2.



TABLE IV.—PARAMETER LIST (ROTORCRAFT)—Continued

Parameters	Range	Installed system <sup>1</sup> minimum accuracy (to recovered data)	Sampling interval (per second)
Controllable stabilizer position	do	do	2.

<sup>1</sup> When data sources are aircraft instruments (except altimeters) of acceptable quality to fly the aircraft, the recording system excluding these sensors (but including all other characteristics of the recording system) shall contribute no more than half the values in this column.

## APPENDIX

With the issuance of Safety Recommendations A-87-77 through -89, the following recommendations have been classified as "Closed—Superseded."

## A-78-28

Draft specifications and fund research and development for a low cost FDR, CVR, and composite recorder which can be used on complex general aviation aircraft. Establish guidelines for these recorders, such as maximum cost, compatible with the cost of the airplane on which they will be installed and with the use for which the airplane is intended.

## A-82-64

Amend 14 CFR 121.343 so that, after a specified date all turbojet aircraft manufactured before that date and type-certificated before September 30, 1986, be required to have installed a suitable digital recorder system capable of recording data from which the minimum following information may be determined as a function of time within the ranges, accuracies, and recording intervals specified in Table I—altitude, airspeed, heading, radio transmitter keying, pitch attitude, roll attitude, vertical acceleration, longitudinal acceleration, stabilizer trim position, engine thrust, and pitch control position.

## A-82-65

At an early date and pending the effective date of the recommended amendment of 14 CFR 121.343 to require installation of digital flight data recorder systems capable of recording more extensive parameters, require that operators of all aircraft equipped with foil flight data recorders be required to replace the foil recorder with a compatible digital recorder.

## A-82-66

Amend 14 CFR 121.343 so that, after a specified date, all aircraft manufactured after that date, regardless of the date of original type certificate, be equipped with one or more approved flight recorders that record data from which the information listed in Table I can be determined as a function of time. For newly type-certificated aircraft, any dedicated parameter which may be necessary because of unique features of the specific aircraft configuration and the design should also be required.

## A-82-67

Amend 14 CFR 127, Subpart H, to require that all rotorcraft manufactured after a specified date, regardless of the date of original type certificate, be equipped with one or more approved flight recorders that record data from which the information listed in Table II can be determined as a function of time. For newly type-certificated rotorcraft, any dedicated parameter which may be necessary because of unique features of the specific configuration and type design should also be required.

## A-82-106

Encourage timely adoption of Society of Automotive Engineers (SAE) standard for "general aviation" flight recorders (intended for installation in multiengine, turbine-powered fixed-wing aircraft and rotorcraft in any type or operation not currently required by CFR 121.359, 135.151, and 127.127 to have a cockpit voice recorder and/or a

flight data recorder), and issue a Technical Standard Order (TSO) covering such recorders immediately after the SAE document is approved. Include in the TSO requirements that:

(a) specify a cockpit voice recorder (CVR) of high enough audio quality to render intelligible recorded data on each of two channels which reserves one channel for voice communications transmitted from or received in the aircraft by radio, and one channel for audio signals from a cockpit area microphone;

(b) specify all flight data recorder (FDR) parameters, ranges, accuracies, and sampling intervals cited in Tables I and II (attached);

(c) specify crash and fire survivability standards for CVRs and FDRs which are at least as stringent as those of TSO-C51a for Type I (nonjectable) and Type III (ejectable) recorders as appropriate.

## A-82-108

Require that all multiengine, turbine-powered, rotorcraft certificated to carry six or more passengers, manufactured on or after a specified date, in any type of operation not currently required by 14 CFR 121.127 to have a cockpit voice recorder and/or a flight data recorder, be prewired to accept a "general aviation" cockpit voice recorder (if also certificated for two-pilot operation) with at least one channel for voice communications transmitted from or received in the aircraft by radio, and one channel for audio signals from a cockpit area microphone, and a "general aviation" flight data recorder to record sufficient data parameters to determine the information in Table II (attached) as a function of time.

The following recommendations have been classified as "Closed—Superseded/Unacceptable."

## A-82-107

Require that all multiengine, turbine-powered, fixed-wing aircraft certificated to carry six or more passengers manufactured on or after a specified date, in any type of operation not currently required by 14 CFR 121.343, 121.359, and 135.151 to have a cockpit voice recorder and/or a flight data recorder, be prewired to accept a "general aviation" cockpit voice recorder (if also certificated for two-pilot operation) with at least one channel for voice communications transmitted from or received in the aircraft by radio, and one channel for audio signals from a cockpit area microphone, and a "general aviation" flight data recorder to record sufficient data parameters to determine the information in Table I (attached) as a function of time.

## A-82-109

Require that "general aviation" cockpit voice recorders (on aircraft certificated for two-pilot operation) and flight data recorders be installed when they become commercially available as standard equipment in all multiengine, turbine-powered fixed-wing aircraft and rotorcraft certificated to carry six or more passengers manufactured on or after a specified date, in any type of operation not currently required by 14 CFR 121.343, 121.359, 121.151, and 127.127 to have a cockpit voice recorder and/or flight data recorder.

## A-82-110

Require that "general aviation" cockpit voice recorders be installed as soon as they are commercially available in all multiengine, turbine-powered aircraft (both airplanes and rotorcraft), which are currently in service, which are certificated to carry six or more passengers and which are required by their certificate to have two pilots, in any type of operation not currently required by 14 CFR 121.359, 121.151, and 127.127 to have a cockpit voice recorder. The cockpit voice recorders should have at least one channel reserved for voice communications transmitted from or received in the aircraft by radio, and one channel reserved for audio signals from a cockpit area microphone.

## A-82-111

Require that "general aviation" cockpit voice recorders be installed as soon as they are commercially available in all multiengine, turbojet airplanes which are currently in service, which are certificated to carry six or more passengers in any type of operation not currently required by 14 CFR 121.343 to have a flight data recorder. Requiring recording of sufficient parameters to determine the following information as a function of time (see Table I attached) for ranges, accuracies, etc.): altitude, indicated airspeed, magnetic heading, radio transmitter keying, pitch attitude, roll attitude, vertical acceleration, longitudinal acceleration, stabilizer trim position or pitch control position.

Mr. LAUTENBERG. Mr. President, this is an amendment that addresses an important safety issue. It has been cleared with the managers, and I understand it is acceptable to them.

The PRESIDING OFFICER. Is there further discussion of the amendment?

Mrs. KASSEBAUM. Mr. President, it is acceptable on this side. I would like to get a clarification from the Senator from New Jersey if I may. The amendment requires data recorders on commuter and "other aircraft." This does not cover general aviation aircraft, is that true?

Mr. LAUTENBERG. That is true.

Mrs. KASSEBAUM. I think it is important to have that reflected on the record.

I know there have been some concerns raised by the FAA regarding the language "commensurate with the recommendations of the National Transportation Safety Board." I would hope, as we review this in conference with the House, we can make sure there is a clear understanding of exactly what is intended by "commensurate with."

Mr. LAUTENBERG. I have no specific language, to respond to the Senator.

This, of course, will be monitored by the FAA. The intent is very clear on this. That is, we want commuter air-



craft to have the data recorded just as we have in commercial aircraft generally. We ask that the Secretary issue a notice of rulemaking within a 30-day period after enactment of this.

We will leave it to them to handle the process as they see best fit.

Mrs. KASSEBAUM. Mr. President, there is no objection on this side of the aisle.

Mr. FORD. Mr. President, there is no objection on this side of the aisle.

The PRESIDING OFFICER (Mr. Dixon). Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from New Jersey.

The amendment (No. 1086) was agreed to.

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

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

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1087

(Purpose: To further air transportation safety)

Mr. WILSON addressed the Chair. The PRESIDING OFFICER. The Senator from California is recognized.

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mr. Wilson], proposes an amendment numbered 1087.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

Sec. . (a) This section may be cited as the "Federal Aviation Act of 1958 Amendments Act".

(b) Section 901(a)(1)(A) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)(A)) is amended by inserting "1101," immediately after the word "section" where it first appears.

(c) Section 901(a)(2) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(2)) is amended by inserting the phrase ", or of section 1101, 1114, or 1115(e)(2)(B)" immediately after "XII".

(d) Section 901(a)(1) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)) is amended by inserting the following words immediately after "violation," where it first appears: "except that a person who operates aircraft for the carriage of persons or property for compensation or hire, other than an airman serving in the capacity of an airman, shall be subject to a civil penalty not to exceed \$10,000 for each violation of title III, VI, or XII of this Act, or any rule, regulation, or order issued thereunder, and".

(e) The Federal Aviation Act of 1958 is further amended by adding immediately after section 901 a new section 901A to read as follows:

#### "CIVIL PENALTY ASSESSMENT DEMONSTRATION PROGRAM"

##### "Civil Penalty"

"Sec. 901A. (a) The Administrator, or his delegate, may assess a civil penalty for a violation arising under this Act or a rule, regulation, or order issued thereunder, upon written notice upon finding of violation by the Administrator, after notice and opportunity for a hearing.

"No Reexamination of Liability or Amount

"(d) In the case of a civil penalty, assessed by the Administrator in accordance with this provision, the issue of liability or amount of civil penalty shall not be reexamined in any subsequent suit for collection of such civil penalty.

##### "United States District Courts"

"(c) Notwithstanding subsection (a) of this section, the United States district courts shall have exclusive jurisdiction of any civil penalty action initiated by the Administrator: (1) which involves an amount in controversy in excess of \$100,000; (2) which is an in rem action or in which an in rem action based on the same violation has been brought; (3) regarding which an aircraft subject to lien has been seized by the United States; and (4) in which suit for injunctive relief based on the violation giving rise to the civil penalty has also been brought.

##### "Termination"

"(d) The provisions of this section shall be in effect for 2 years following the date of enactment of this section, and shall apply to a civil penalty initiated by the Administrator on or after the date of enactment of this section, but shall not apply to a case in which the Administrator seeks a civil penalty in an amount in excess of \$100,000 from a violator."

(f) The Administrator of the Federal Aviation Administration shall report to the Congress 18 months after the date of enactment of this section. The report shall include: (1) the Administrator's views concerning the effectiveness of civil penalty levels enacted in this Act, and whether additional changes are necessary to provide an adequate safety deterrence; and (2) the Administrator's recommendation as to the effectiveness of the civil penalty assessment demonstration program authorized by section 4 of this Act and whether it should be continued.

(g) Section 902 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1472) is amended by—

(1) inserting immediately after "inclusive," in subsection (c), the words "and subsection (r)"; and

(2) adding a new subsection (r) to read as follows:

##### "Secured Areas on Airports"

"(r)(1) It shall be unlawful for any person to knowingly and willfully enter an aircraft or an airport area that serves air carriers or foreign air carriers contrary to security requirements established pursuant to sections 315 or 316 of this Act. Upon conviction thereof, such person shall be subject to imprisonment for a term not to exceed 1 year or a fine not to exceed \$1,000, or both.

"(2) If any person violates paragraph (1) of this subsection with the intent to commit in the aircraft or secured area an act punishable as a felony under Federal or State law, such person shall be subject to imprisonment for a term not to exceed 10 years or a fine not to exceed \$10,000, or both."

(h) Section 313 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1354) is amended by adding at the end thereof the following new subsection:

##### "Indemnification"

"(e) The Administrator is empowered to indemnify any officer or employee of the Federal Aviation Administration against any claim or judgment against such person, provided that such claim or judgment arises out of an act or acts committed, as determined by the Administrator, within the scope of such person's official duties. The Administrator may issue such regulations as may be necessary to implement this subsection."

(1)(1) Section 101(36) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1301(36)) is amended by adding the following sentence at the end thereof: "For purposes of this definition, 'used exclusively in the service of' means, for other than the Federal Government, an aircraft which is owned and operated by a governmental entity for other than commercial purposes or which is exclusively leased by such governmental entity for not less than 90 continuous days."

(2) Section 304(a)(6) of the Independent Safety Board Act of 1974 (49 U.S.C. App. 1903(a)(6)) is amended to read as follows:

"(6) establish by regulation requirements binding on persons reporting (A) accidents and aviation incidents subject to the Board's investigatory jurisdiction under this subsection, and (B) accidents and aviation incidents involving public aircraft other than aircraft of the Armed Forces and the Intelligence Agencies, and the Board shall report to the Congress within the 18-month period following the date of the enactment of the Federal Aviation Act of 1958 Amendments Act, its findings on public aircraft accidents and incidents."

Mr. WILSON. Mr. President, the amendment that I am offering is a safeguard to the traveling public in ways that may not be as obvious as new radar systems or hiring more traffic controllers. The subject that the Senate needs to discuss today, Mr. President, in our focus upon air safety, is maintenance. It is the Congress' responsibility to ensure that the Federal Aviation Administration has the tools that it needs to prosecute commercial airlines and the general aviation community for violating its maintenance and other safety rules.

We have all heard the news this morning about the abysmal maintenance record alleged on the part of Eastern Airlines. It was on all the news shows this morning. The fact of the matter is that the FAA does not seem to have the ability to enforce its safety rules as well as it should. This legislation remedies this defect at least in part by providing more funds for FAA inspectors, but it goes an important step further. It gives the FAA statutory authority which will better enable them to prosecute airlines which cut corners on maintenance, to prosecute general aviation pilots who fly through restricted areas and risk not only their own lives, but more importantly, the lives of many, many others; and to prosecute those who violate airport security laws.

Overall, Mr. President, passage of this amendment is really crucial to protecting the traveling public. We as passengers do not see the myriad of hoses, switches, other equipment which must work perfectly for the



planes to get off the ground, to perform flawlessly in flight, and then to land safely. This amendment provides an incentive for airlines to ensure that these systems are maintained at the highest of standards.

This amendment, Mr. President, which has been accepted by both the majority and the minority and is supported by the FAA, has six provisions which when combined will better protect the traveling public. First, the amendment increases the maximum civil penalty from \$1,000 to \$10,000 for safety violations by commercial air carriers, including commuter lines and charter operations. The current \$1,000 civil penalty has been in effect since 1938. While the FAA believes that the \$1,000 level is adequate for the vast majority of safety violations by the general aviation community, it is clear from the news this morning and from many other instances of testimony, and from the difficulty that the FAA has experienced in collecting fines, not only from Eastern, but from other airlines during the past years for the safety violations that the current \$1,000 level is not adequate to deter commercial safety violations.

Hand in hand with the increase in the fine, the amendment would establish a 2-year demonstration program for the use of administrative hearings within the Department of Transportation to try and hear civil penalty cases amounting to less than \$100,000. The cases which fall under this threshold are primarily violations by the general aviation community, and have to do for the most part with flying through restricted air space and other similar serious violations.

Currently, the FAA must ask the U.S. district attorney to prosecute all civil penalty offenders in U.S. district court when agreement is not reached between the parties, and the FAA itself does not have the authority to prosecute violators of these regulations. Unfortunately, many times the U.S. attorney has bigger and better things to do. I do not say that in a deprecating sense. They simply have a great deal on their agenda. The result has been that a number of these prosecutions have simply fallen by the wayside. And as a result there is clearly need for an administrative law program within the Department of Transportation which will close the holes in the FAA's safety net.

Third, this amendment would impose a maximum civil penalty of \$1,000 for failing to notify the FAA of proposed construction of structures which could be a hazard to air navigation, typically those that border an airport, those that threaten by some obstruction the flight path. Currently, only criminal sanctions can be sought for such a violation, and the FAA does not want the power to ban the construction of such a structure because a building might never get liability insurance if the FAA does not give its approval for the construction. But

overall, it is clearly essential that those concerned with air safety have the opportunity to be alerted before the fact rather than after so that we may remove or otherwise modify a hazard that could obstruct a flight path with obviously disastrous consequences.

Overall, Mr. President, passage of this amendment is critical for protecting the traveling public. The amendment would also make unauthorized access to airport secure areas a Federal criminal offense. Although entry would be a misdemeanor, entry with intent to commit a Federal or State felony would constitute a felony. Finally, this amendment would allow the FAA Administrator to indemnify FAA employees for judgments against them which arise out of actions which they take in the performance of their official duties.

There is a growing trend to bring suits against FAA employees, including air controllers and inspectors, and it is important to note that the indemnification would not apply to those FAA employees who are found at fault through negligence due to drug or alcohol abuse or for other reasons that amount to inexcusable negligence.

Finally, the amendment would modify in two ways the Federal Government's approach to publicly owned aircraft, such as aircraft used by police and fire units which now are not subject to much of the FAA's safety authority.

First, the definition of what constitutes a public aircraft, presently exempt from that regulation, would be amended to include more aircraft and second, the National Transportation Safety Board would be required to report to Congress in 18 months on the rate at which public aircraft accidents have occurred so as to enable the FAA to further regulate such aircraft if that seems necessary.

Clearly, Mr. President, the FAA must be given the opportunity to enforce whatever regulations are required to give the maximum assurance possible to the air traveling public that they are safe in America's skies.

As I say, there has been acceptance of this amendment by both the majority and the minority, and I move its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. FORD. Mr. President, this amendment has been adopted by the Senate before, as I understand it. There is no objection on our side.

Mrs. KASSEBAUM. It is acceptable on this side.

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

The amendment (No. 1087) was agreed to.

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

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

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1088

(Purpose: To provide limitations on funding and certain other activities at the Atlantic City Airport, in Pomona, New Jersey)

Mr. LAUTENBERG. 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 New Jersey [Mr. LAUTENBERG] proposes an amendment numbered 1088.

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

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

The amendment is as follows:

At the end of the bill add the following new section:

SEC. 3. The Airport and Airway Improvement Act of 1982 (title V of Public Law 97-248, 96 Stat. 677), as amended, is amended by adding at the end thereof the following new section:

"SEC. 530. ATLANTIC CITY AIRPORT.

"(a) LIMITATION ON FUNDING OR TRANSFER OF PROPERTY.—

"Notwithstanding any other provision of law, with regard to the Atlantic City Airport, at Pomona, New Jersey, the Federal Aviation Administration shall not convey any interest in property (pursuant to section 516 of this title) to any municipality or any other entity operating such airport, nor shall any funds authorized by this Act be available to such municipality or entity for any planning, study, design, engineering, or construction of a runway extension, new runway, new passenger terminal, or improvements to or expansion of the existing passenger terminal at such airport, until such time as:

"(1) the Master Plan Update for Atlantic City Airport and Bader Field, prepared pursuant to Federal Aviation Administration Contract FA-EA-2656, is completed and released; and

"(2) the Administrator of the Federal Aviation Administration finds that a public entity has been created to operate and manage the Atlantic City Airport, which entity has the following characteristics:

"(A) the authority to enter into contracts and other agreements, including contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States;

"(B) the standing to sue and be sued in its own name;

"(C) the authority to hire and dismiss officers and employees;

"(D) the power to adopt, amend and repeal bylaws, rules, regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised;

"(E) the authority to acquire, in its own name, an interest in such real or personal property as is necessary or appropriate for the operation and maintenance of the airport;

"(F) the power to acquire property by the exercise of the right of eminent domain;

"(G) the power to borrow money by issuing marketable obligations, or such other means as is permissible for public authori-



ties under the laws of the State of New Jersey.

"(H) adequate financial resources to carry out all activities which are ordinarily necessary and appropriate to operate and maintain an airport;

"(I) a governing board which includes (but need not be limited to) voting representatives of the city of Atlantic City, the county of Atlantic, and the municipalities which are adjacent to or are directly impacted by the airport;

"(J) a charter which includes (i) a requirement that members of the governing board have expertise in transportation, finance, law, public administration, aviation, or such other qualifications as would be appropriate to oversee the management, planning and operation of an airport; and (ii) procedures which protect the research and development mission of the Federal Aviation Technical Center at Pomona, New Jersey, and the defense functions of the Air National Guard; and

"(K) the authority to carry out comprehensive transportation planning to minimize traffic congestion and facilitate access to and from the airport.

"(b) SAFETY FUNDS NOT SUBJECT TO LIMITATION.—

"The limitation on funds set forth in subsection (a) shall not apply to any expenditure which the Administrator of the Federal Aviation Administration determines is needed for safety purposes.

"(c) EFFECTIVE DATE.—

"The restriction set forth in subsection (a) shall be applicable only to funds which are authorized for the fiscal year beginning October 1, 1987. Notwithstanding any other provision of law, the funds restricted under subsection (a) shall become available at such time as the conditions set forth in subsection (a) are satisfied."

Mr. LAUTENBERG. Mr. President, for years, the Atlantic City International Airport has held great promise for economic growth in southern New Jersey. But, to this point, that promise has not been realized. This amendment would help the airport achieve its potential, and help bring important economic growth to the region.

This amendment incorporates the text of S. 1618, which I introduced on August 6 of this year. The companion legislation was introduced in the House by my distinguished colleague from New Jersey, BILL HUGHES, and has been included in H.R. 2310.

The intent of this legislation is simple: to get the long process of planning, designing and constructing an enhanced, expanded regional airport in south Jersey off the ground.

Currently, the Atlantic City International Airport is an under-utilized facility, located on 5,000 acres in an area of untapped potential. For some time now, there have been discussions and tentative plans to expand the airport into a modern facility capable of supporting significant commercial service. Those plans, however, have been stalemated while local officials have been unable to work out a plan for managing the airport.

This legislation would break that stalemate. It would withhold fiscal year 1988 Federal funds, except those which are safety-related, from the airport until a regional authority is created to manage the airport. The public

authority would have representation from Atlantic City, Atlantic County, the municipalities impacted by the airport, and other appropriate parties.

A developed airport will be a regional facility. It should be governed by a regional authority. This legislation would ensure that this takes place.

Mr. President, there is considerable basis for Federal action at this point. The majority of the property to be used is federally owned. The airport is on the ground of the FAA's Technical Center, the Nation's premiere aviation research facility. The Federal Government has a major stake in the future of the airport, and has a right to see that an authority is in place that will manage the airport, and manage the millions of dollars of Federal funds that are likely to flow to the facility in the years to come.

I would note, Mr. President, that since the introduction of S. 1618 in early August, significant progress has been made. For the first time, all the local parties have come to the table to discuss the future of the airport. Serious proposals are finally being made.

I recently met with former Secretary of Transportation William Coleman, who is working with Atlantic City on this matter. Secretary Coleman has made tremendous progress in this effort. There have also been extensive discussions with Atlantic County officials.

I am optimistic that a workable solution to this problem can be reached, and that it will be reached. The introduction of S. 1618 and its House companion helped spur much of the progress made over the last 2 months. Adoption of this amendment will help ensure that the great untapped potential in the greater Atlantic City area does not continue to elude us.

Mr. President, I believe this amendment has been cleared, and is acceptable to the managers.

Mr. FORD. There is no objection on this side, Mr. President.

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

The amendment (No. 1088) was agreed to.

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

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

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1089

(Purpose: To change the amended definition of "airport development" under the Airport and Airway Improvement Act of 1982)

Mr. FORD. 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 Kentucky [Mr. FORD] proposes an amendment numbered 1089.

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

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

The amendment is as follows:

On page 3 of the bill, strike all on lines 1 through 12, and insert in lieu thereof the following:

"(1) in paragraph (2), by inserting immediately before the"

Mr. FORD. Mr. President, this amendment deletes language in the bill with respect to making cargo inspection facilities eligible for airport improvement funds. I think the amendment speaks for itself.

The PRESIDING OFFICER. Is there further debate?

Mrs. KASSEBAUM. There is no objection on this side of the aisle.

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

The amendment (No. 1089) was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote by which the amendment was agreed to, and move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I think we have perhaps two more amendments. We have the Mitchell-Cohen amendment, and I have one additional amendment that will be here shortly, which I think has been agreed upon. Then we have the discussion on the Metzenbaum amendment as it relates to consumer protection provisions. The distinguished majority leader is here. If we could move the other two amendments, we are ready to wrap it up.

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

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

#### AMENDMENT NO. 1090

(Purpose: To prohibit the Federal Aviation Administration from discriminating against operations of air carrier aircraft with fewer than 61 seats in establishing criteria for airport control towers and navigational aids)

Mr. FORD. 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 Kentucky [Mr. FORD] proposes an amendment numbered 1090.

At the end of the bill, add the following: SEC. . Not later than 120 days after the date of enactment of this Act, the Secretary of Transportation shall promulgate regulations to establish criteria for the installation of airport control towers and other navigational aids. In setting criteria under



such regulations relating to the number of air carrier operations, the Secretary shall count operations of aircraft providing regularly scheduled commercial passenger service with fewer than 61 seats as equivalent to operations carried out by aircraft with 61 or more seats.

Mr. FORD. Mr. President, I thank the clerk for indulging me. He does such a good job.

I think the amendment speaks for itself. It relates to discriminating against operations of air carrier aircraft with fewer than 61 seats in establishing criteria for airport control towers and navigational aids.

We just want the smaller airports to have an opportunity to participate in funds for airport safety and improvement. I think this amendment has been cleared on both sides.

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

The amendment (No. 1090) was agreed to.

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

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1091

(Purpose: To eliminate certain inequities with respect to airports)

Mr. COHEN. 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 Maine (Mr. COHEN), for himself, Mr. MITCHELL, Mr. STEVENS and Mr. MURKOWSKI, proposes an amendment numbered 1091:

At the end of the bill, add the following new section:

SEC. . . Section 503(a)(9) of the Act (49 App. U.S.C. 2202(a)(9)) is amended by adding at the end thereof the following: "For purposes of this definition, the term 'passengers enplaned' also includes passengers on board international flights which transit an airport for nontraffic purposes."

Mr. COHEN. Mr. President, my good friend and colleague from the State of Maine, Senator MITCHELL and I are offering an amendment that will amend the Airport Improvement Program [AIP] passenger enplanement formula to more equitably treat airports which handle international transit traffic.

Under current law, Airport Improvement Program [AIP] entitlement funds are distributed based on "enplanement" figures for each eligible airport. While this approach has been equitable to most airports, it results in significant underfunding of a small number of airports which service substantial volumes of international traffic landing for technical purposes, such as refueling, maintenance, and customs/INS clearance. The principal airports affected by this situation are Bangor International, in Maine, and Anchorage International, in Alaska. Although these flights utilize airport

runways, hardstands, gate, terminal, and customs and immigration inspection facilities much the same as flights originating and terminating at the airport, the airport receives no AIP entitlement funds with respect to such traffic because no passengers "enplane" these flights at the technical stop airport.

In the case of one airport, Bangor International, approximately 40 percent of the passengers utilizing the facility are transiting on flights making technical landings, and are not counted for purposes of calculating Bangor's AIP funding entitlement despite the considerable demands they place on the airport's facilities. We submit there is no substantive difference between a passenger who flies into a "hub" airport and boards a connecting flight there for onward travel to final destination, and a passenger who flies into one of the specialized "technical landing" airports and subsequently departs from that airport on the same flight. In both cases, the intermediate airport serves a necessary function as the passenger is transported from point of origin to final destination. However, under existing AIP funding procedures, the first passenger is recognized as an enplanement while the second is not.

To rectify this inequity, we propose an amendment to the definition of "enplanement" to include passengers transiting an airport on an international flight landing for nontraffic purposes. This amendment is narrowly tailored to correct the unfair situation described above, while minimizing the effect on total trust fund program outlay.

We regret that this matter did not come to our attention in time to raise it during your committee's consideration of the bill. We trust you will agree, however, that current law is creating an unintended inequity with respect to funding of those airports specializing in offering technical landing services. To enable these airports to continue to provide this important function to the Nation's air transportation system, it is vital this problem be corrected.

I urge my colleagues to join Senator MITCHELL and me in supporting this amendment.

Mr. President, I allowed the clerk to read the very short amendment because it is so self-explanatory.

I am offering the amendment on behalf of myself and Senator MITCHELL, my good friend from Maine, and also Senator STEVENS of Alaska.

This really is designed to correct an inequity that currently exists.

Under the current airport improvement program the passenger enplanement formula does not take into account the kind of situation we have most particularly in the Bangor International Airport in Maine and also that in Anchorage, because under current law the entitlement funds are distributed and based on enplanement

figures based on each eligible airport but does not take into account those passengers who should land on planes coming into our airports on an international basis.

For example, in Bangor we had about 146,000 passengers who landed at that airport who were not counted for enplanement purposes.

So this really is designed to accommodate the type of airport we have known not only in Maine but in Alaska that does not accommodate international traffic that is directed there not because of traffic patterns as such but because of technical needs, refueling, maintenance, indeed servicing on a customs basis.

I cleared this amendment with both the managers of the bill, and I believe it is acceptable to them.

The PRESIDING OFFICER. The Senator from Maine, Mr. MITCHELL.

Mr. MITCHELL. Mr. President, this proposal would amend the Airport Improvement Program [AIP] passenger enplanement formula to more equitably treat airports which handle international transit traffic. Bangor International Airport is a relatively small airport which competes with foreign airports in Canada and Ireland to provide refueling and related technical aviation services to North Atlantic air traffic. For calendar year 1985, the number of enplanements at the airport recognized in determining Bangor's AIP funding was 208,678. An additional 146,440 passengers, however, transited the airport on international flights, making use of Bangor's runway, hardstand, terminal, and Federal Inspection facilities, but were disregarded for purposes of calculating Bangor's AIP entitlement. To enable Bangor to continue to offer aviation facilities and services competitive with those available at alternate foreign airports which are often directly subsidized by their national governments, it is vital that the AIP passenger enplanement formula take account of the total number of passengers actually using Bangor International Airport, including the international transit passengers who make up more than 40 percent of its traffic.

Under present law, AIP funds are allocated among airports based on "enplanements." This approach has generally been satisfactory, but results in inequitable underfunding of a limited number of airports, such as Bangor and Anchorage, which handle substantial volumes of international transit traffic, that is, traffic on board international flights which land at the airport for technical purposes such as refueling, maintenance, and customs and immigration clearance.

#### BACKGROUND

AIP funds are allocated to airports based on passenger enplanement levels. Both the Senate and House bills—S. 1184 and H.R. 2310—adopt the following formula:



\$7.80 for each of the first 50,000 passengers.

\$5.20 for each of the next 50,000 passengers.

\$2.60 for each of the next 400,000 passengers.

\$0.65 for each additional passenger.

There is a minimum funding level of \$300,000 for each eligible airport, and a maximum of \$16 million.

This approach has generally proved equitable in apportioning funds according to volume of passengers using each particular airport's facilities. Since the U.S. air transportation system has evolved largely into one based on hub-and-spoke air carrier route systems, most passengers who transit an intermediate (hub) airport between their origin and destination change planes at that airport and thus are counted as an enplanement for the hub, even though their travel originated at another point. Thus, most airports which are transited between a point of origin and final destination are not shortchanged in their AIP entitlements since connecting passengers are counted not only at the airport where their travel originates, but also at the hub where they board their connecting flight. Current law recognizes transit passengers utilize the facilities of intermediate hubs, such as runways, hardstand areas, gate facilities, and common terminal areas, and therefore includes connecting passengers in counting total enplanements at hub airports for AIP purposes.

#### EFFECT OF AMENDMENT

A limited number of airports must handle a considerable volume of international flights which land for technical purposes such as refueling, customs/INS clearance, et cetera. Although these flights utilize airport runways, hardstands, terminals, and Federal inspection facilities much the same as flights originating at or destined to the airport, under current law none of these passengers except those inbound to the United States who clear immigration inspection at the intermediate airport are recognized for AIP funding purposes. Inbound passengers who do not clear immigration, and all passengers outbound from the United States, are disregarded in determining AIP funding. This is because as the law is presently drafted, passengers who land at an airport and subsequently depart from that airport on board the same flight are not generally considered to enplane at that airport. This anomaly is unique to the limited number of airports which function as technical landing points, most notably Bangor which serves North Atlantic air routes, and Anchorage which serves the North Pacific. The proposed amendment rectifies this inequity by treating passengers transiting airports on international flights the same as the more common case of passengers who connect from one flight to another at a hub airport and are already counted in the hub's AIP enplanement figures. There can

be no rational or equitable basis for differential treatment of airports serving these two classes of passengers, neither of which is the point of origin of the passengers' travel, but both of which must make available airport facilities for use by passengers enroute to their final destinations.

Although the proposed amendment would greatly enhance the ability of the small number of affected airports to maintain their facilities for the benefit of transit passengers, its fiscal impact would be negligible. For calendar year 1986, Bangor International Airport handled 116,406 international transit passengers who were not counted as enplanements for AIP purposes. Under the proposed AIP funding formula, the amendment would increase its entitlement by \$302,656, less than one-tenth of one percent of the total of \$525 million to be distributed to airports. While the effect of the amendment on the overall allocation of AIP funds is obviously de minimus, allowing Bangor to receive its fair share of AIP funds will greatly assist this small airport in maintaining vital services for aircraft which make scheduled technical landings there, and those which make unscheduled diversions to Bangor due to meteorological or other emergency circumstances. The competitive posture of Bangor International Airport, a major source of employment in the economically disadvantaged Northern Maine region, vis-a-vis foreign airports which offer technical aviation services to North Atlantic air traffic, such as Gander and Goose Bay, Canada, and Shannon, Ireland, would also be enhanced by adoption of the proposed amendment.

Moreover, at a time when the airport capacity shortage is reaching crisis proportions at many of the more heavily-utilized airports, it is clearly in the national interest to promote the viability of alternate airports such as Bangor, which are ideally suited to assist in alleviating the congestion plaguing the national air transportation system. So long as the AIP funding formula disregards the substantial international transit traffic handled by Bangor, the airport is placed at a severe disadvantage in maintaining the caliber of facilities required by air carriers and the traveling public.

Mr. President, this is an important amendment for the Bangor International Airport in Maine, the second largest facility in the State and one of critical importance to the entire eastern region of our State.

I am pleased to work with Senator COHEN on this amendment. I am grateful to the managers for their acceptance of it. It will provide equitable treatment for an important facility and as explained by Senator COHEN merely takes into account the unique circumstance which exists at a relatively few number of facilities which handle large numbers of international flights.

So, I now am prepared with the consent of my colleague and the managers of the amendment.

Mr. FORD. Mr. President, I have reviewed this amendment, and I think it is well founded. Two of these airports, have unique situations and we want to accommodate them. It is a burden on both airports, I guess, particularly the one in Maine, and they are not getting any credit under the arrangements under airport improvements, so I think they are eligible. They perform a valuable service. I am prepared to accept the amendment.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I have a question for clarification purposes.

Does the language specify that it is limited to where there is a technical stop, just for refueling purposes, for instance, and not actually enplanement of passengers in large number?

Mr. COHEN. It is for nontraffic purposes; in other words, if the flights land there it is for technical needs, refueling, maintenance, and also for going through customs.

Mrs. KASSEBAUM. I want to make sure that was specified because otherwise I understand it could secure the allocation from the airport improvement program, so long as that is clearly stated.

I thank Senators and there is no objection on this side.

Mr. FORD. Mr. President, could we have the agreement of the two Senators from Maine that it does only apply to the Bangor, ME, and one in Alaska?

Mr. COHEN. My understanding is those are the two places.

Mr. FORD. That would be the legislative intent and that would be in addition to the questions by the distinguished Senator from Kansas.

The PRESIDING OFFICER. Is there any further debate on this amendment? The question is on agreeing to the amendment of the Senator from Maine.

The amendment (No. 1091) was agreed to.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, we only have two amendments remaining. One is the modification of the amendment by Senator METZENBAUM of Ohio, and I understand that is very close to being completed.

Then we have the arrangement there will be no vote or consideration of the second amendment by the Senator from Ohio [Mr. METZENBAUM]. Then we are ready to go to third reading and final passage.



As soon as that one amendment is on the floor, I might notify my colleagues who are listening that we hope to go to a vote on final passage. There will be a vote on final passage. The distinguished majority leader must be here before I can clear or I would not even attempt to clear the second amendment by the Senator from Ohio.

Under those circumstances, 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. WILSON. 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 California is recognized.

(The remarks of Mr. WILSON pertaining to the introduction of legislation will be found later in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. FORD. 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. FORD. Mr. President, I understand that we are now ready to go with the amendment that the Senator from Ohio [Mr. METZENBAUM] and the Senator from Missouri [Mr. DANFORTH] have agreed on. I would ask the Chair to recognize the Senator from Ohio to complete the parliamentary procedure so that we can get on the amendment.

The PRESIDING OFFICER. The Senator from Ohio.

#### AMENDMENT NO. 1092

(Purpose: to ensure greater safety to air passengers)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration. I ask that the pending amendment of the Senator from Ohio be withdrawn.

The PRESIDING OFFICER. The Senator has the right to withdraw his amendment.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM] proposes an amendment numbered 1029.

Mr. METZENBAUM. I ask unanimous consent to dispense with further reading.

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

The amendment is as follows:

At the end of the bill add the following:

Sec. . (a) The Secretary of Transportation shall ensure greater safety to air passengers by issuing, within 120 days following the date of enactment of this Act, regulations requiring adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which

the Secretary of Transportation determines a part of which flight will occur over water and adequate information and instructions as to the use of such preservers, rafts, and flotation devices.

(b) The Secretary of Transportation shall begin within 120 days following the date of enactment of this Act, and shall complete not later than 425 days following the date of enactment of this Act, a rulemaking—

(1) establishing regulations requiring all seats on board all air carrier aircraft to meet improved crashworthiness standards based upon the best available testing standards for crashworthiness;

(2) establishing regulations requiring air carrier interior cabins to meet improved flammability standards; and

(3) establishing regulations pertaining to aircraft design and equipment, including fuel tanks, to minimize the incidence of fire or explosion, such regulations to include, but not be limited to, considering crash resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system.

(c) The Secretary of Transportation shall report to Congress, within 90 days following the date of enactment of this Act, on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carrier maintenance and safety-related procedures.

Mr. METZENBAUM. Mr. President, we have had quite a bit of discussion today on the air safety of planes, and we have come to a conclusion which I think is an important one because it moves us more directly to serve the public will.

The first part of the amendment requires the Secretary to issue regulations requiring adequate uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants.

That will be a major step forward.

Also, the airline will be required by the Secretary to see to it that the airline provides adequate information and instructions as to the use of such preservers, rafts, and flotation devices.

The second part of the amendment has a time lag. It requires the Secretary within 120 days to begin a rulemaking process to be concluded within 425 days—the 425 including the 120, so it is actually 305 days after that—to establish regulations requiring all seats on board all air carrier aircraft to meet improved crashworthiness standards based upon the best available testing standards for crashworthiness. This is a major improvement, and I think it will provide a greater sense of security for those who fly planes, hopefully not to be involved in a crash but if they were to be involved it would make it far safer for them as far as being in the cabin is concerned.

The second part would establish regulations requiring air carrier interior cabins to meet improved flammability standards. As the Senator from Ohio indicated earlier in the day, there have been instances in which there has been no crash but fire in the cabin has been such as to cause substantial loss of life. This I think would move us tremendously far forward. It is exactly the thing that should be done.

Next, it would establish regulations pertaining to aircraft design and equipment, including fuel tanks to minimize the incidents of fire or explosion, such regulations to include but not be limited to considering crash-resistant inner fuel tanks, so those fuel tanks could break away, and self-closing fittings throughout the fuel system.

The last part of the amendment provides that the Secretary of Transportation shall report to Congress within 90 days following the date of enactment of this act specific regulations that the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carrier maintenance and safety related procedures. This amendment has been cleared by all parties, the managers on both sides, and the Senator from Missouri, who had raised some questions about it.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER (Mr. FOWLER). The Senator from Kentucky.

Mr. FORD. Mr. President, the Senator from Ohio is exactly right. The Senator from Missouri has signed off. I think the Senator has now signed off. There are no objections on this side and we are ready to proceed with acceptance of the amendment.

Mr. WILSON. Mr. President, with the approval of the Senator from Missouri, there are no other objections on this side. We are prepared to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. METZENBAUM].

The amendment (No. 1092) was agreed to.

Mr. METZENBAUM. I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. METZENBAUM. I thank the managers on both sides for their cooperation.

Mr. FORD. Mr. President, we have only one item remaining to work on, and that is an agreement with the Senator from Ohio and the majority leader as to the time that the consumer bill will be brought to the floor. With that understanding, the Senator from Ohio does not intend to bring up any further amendments on this particular bill, as I understand it, and we will be ready to move to third reading. I have some other things that I might do here, but I prefer to wait for the majority leader. I think he has been conferring with the minority whip in order to make a decision whether to move to one bill or the other today or tomorrow.

Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.



The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FORD. 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. FORD. Mr. President, the distinguished majority leader is now here. I hope that he and the distinguished Senator from Ohio [Mr. METZENBAUM] will enter into a colloquy so we might proceed with final passage of this legislation.

Mr. METZENBAUM. I say to the majority leader that I had some consumer amendments I wanted to put on this bill. The manager prefers I do not do that. As long as I have assurance that there will be the consumer bill up—it does not have to be my bill; it can be Senator FORD's bill, which would probably be the normal thing to do—the Senator from Ohio would not offer his consumer amendments.

Mr. BYRD. Mr. President, I have been trying to get consent of the distinguished Republican leader today to allow me to go to the next bill. That is S. 1485, I believe. I have not been able to get that consent. I am seeking consent from the assistant Republican leader and I hope I will be able to get that. In any event, I will move to the bill, if I cannot get consent to take it up.

Mr. METZENBAUM. With the assurance of the majority leader that he will see to it that we get to the bill one way or the other, I have no reason to hold up passage of this bill.

Mr. BYRD. All right.

Mr. LAUTENBERG. Mr. President, I rise in support of S. 1184, the Airport and Airway Capacity Expansion Act.

I commend the managers of the bill, the distinguished chairman of the Commerce Committee, Senator HOLINGS, the distinguished chairman of the Aviation Subcommittee, Mr. FORD, and the ranking minority member of the Aviation Subcommittee, Mrs. KASSEBAUM, for the fine work they have done in putting together this important legislation.

This bill is of the utmost importance. Their efforts have produced a sound, strong bill that will greatly enhance our efforts to make our skies safer, and our national aviation system more effective.

S. 1184 will increase authorized funding levels for the Airport Improvement Program, the national airspace plan, and for other functions within the Federal Aviation Administration. As chairman of the Senate Appropriations Subcommittee on Transportation, I will work to see that these programs receive the funding they need.

I am pleased to note that several amendments offered by this Senator

have been included in the legislation now awaiting approval by the full Senate. These amendments include provisions to require black boxes on commuter aircraft, to help identify pilots with a history of drunk driving convictions, and to promote the development of the Atlantic City International Airport. These amendments complement the bill reported by the committee, and will help improve the safety and efficiency of aviation in this country.

This bill addresses an area of great concern to my State, New Jersey. S. 1184 would increase the minimum amount of AIP funds available for noise abatement from 8 percent to 10 percent. This increased funding will help to mitigate the serious problem of airport noise, and I strongly support this provision.

Mr. President, this is an important bill. It demands the immediate attention of the Congress. I urge my colleagues to support this bill.

Mr. ADAMS. Mr. President, I rise in support of the Airport and Airway Capacity Expansion Act of 1987. This legislation is crucial because it authorizes spending from the Airport Trust Fund to improve the safety and efficiency of air travel.

Mr. President, this country has seen an enormous increase in air travel in the past 10 years. Since deregulation of the industry, the annual number of passengers has increased from 275 million in 1978 to 415 million in 1986. Unfortunately, our national aviation policies and the development of airport capacity has not kept pace with this growth in travel. The result has been congestion at our airports and in the skies leading to innumerable delays as well as record numbers of near collisions.

In Washington State, five near collisions were reported for the month of September alone; this is the highest number for a single month this year or in 1986.

Without question, the air traffic system has reached a breaking point and we must do something about it.

As a frequent traveler, I know the frustration of canceled flights, missed connections, lost bags and long delays. I have sat, with countless others, on runways waiting to take off and in airport lobbies waiting for an airplane announcement—usually a disappointing one. These frustrations and inconveniences are secondary to my main concern, however. I want to know that when I take off in that plane, I am going to land safely. I want to be sure that the Federal Aviation Administration and the aviation industry is doing everything that it should be to make that flight a safe one.

This legislation addresses safety and airport capacity problems in three ways. First, the funding provided to the Airport Improvement Program will be used to construct and extend airport runways, to improve airport lighting and taxiways, and to fund

noise control projects and FAA required security projects.

Second, this bill accelerates the modernization of our air traffic control system. We cannot be satisfied with our Nation's airports being run with yesterday's outdated technology. There have been significant advances in air traffic control that can ensure the safe, efficient movement of aircraft through the system. The Airport Capacity Expansion Act provides the necessary funding to update, consolidate and automate our air traffic control, navigation and communications system.

Third, this legislation increases the number of authorized air traffic controllers by an additional 1,000 controllers. It seems readily apparent that when the traffic in our skies almost doubles, we need to increase the number of air traffic controllers to keep account of these aircraft and ensure the safety of every flight.

I am also pleased to see that this bill will include critical funds for the Essential Air Service Program. The effects of deregulation have been particularly severe in rural areas. To minimize the loss of airline service to small communities, Congress wisely established the Essential Air Service Program to guarantee the continuation of airline service to localities faced with a service cutoff. This program has been a success, and I strongly support its reauthorization.

Mr. President, there are actions we can take to improve air safety. The Airport Trust Fund is available. The cash balance in the trust fund now stands at nearly \$10 billion. Of this amount, almost \$5.6 billion is surplus—money available for airport improvements that has not been committed for use. We have the means, we now need to put this money to work.

Mr. HELMS. Mr. President, I was pleased to learn that section 4 of this bill requires the Secretary of Transportation and the Secretary of Defense, in consultation with aviation users, to conduct a national review of the need and utilization of special use airspace. The bill requires that they report their results and recommendations to Congress within 18 months.

Mr. President, I am pleased to see this effort being made because North Carolina is one of the States that has a large amount of the airspace designated for special use. Early in 1986 the late Senator John East and I asked the General Accounting Office to review the management of special use airspace and specifically include North Carolina in their study. I ask unanimous consent that a copy of the letter from Senator East and I be inserted in the Record at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HELMS. Mr. President, the General Accounting Office has com-



pleted its study. I'm told that the report will be available in February or March of next year. I think the report will provide an important tool for the Secretaries of Defense and Transportation to use in their review. It will also help Congress identify some important issues that must be addressed regarding special use airspace across the country. I look forward to sharing the GAO report with my colleagues at the earliest opportunity.

## EXHIBIT 1

U.S. SENATE,

Washington, DC, May 28, 1986.

HON. CHARLES A. BOWSER,  
Comptroller General, U.S. General Accounting Office, Washington, DC.

DEAR MR. BOWSER: Among the issues of growing significance concerning the Nation's airspace that have emerged is the need to restrict more airspace for military activities, while civil aviation needs are also expanding and changing. Although we strongly support the need for our military services to be able to carry out the aviation training and other activities essential to their missions, we are nevertheless concerned that such requirements are not being properly balanced with those of civilian aviation and economic and commercial development.

We understand over half of the airspace over the Continental United States is for special use. That is, it is reserved or restricted in some form for military use. In that regard, the Federal Aviation Administration is responsible for the management of all special use airspace and assuring that it is used efficiently and safely by systematically and periodically reviewing its use.

At our request, representatives of the General Accounting Office (GAO) recently met with our staffs to discuss this issue. At the meeting they stated that they had been aware of the problems associated with the conflicting military and civilian aviation needs and had already targeted the issue for study. Thus, we request that the study be started as soon as it is feasible and that the management of airspace used for military activities in North Carolina be included.

We would appreciate being kept advised of the progress of the study as well as any results as they become available.

Thank you for your assistance.

Sincerely yours,

JESSE HELMS,  
U.S. Senator.  
JOHN P. EAST,  
U.S. Senator.

Mr. DOMENICI. Mr. President, I am pleased that the Senate is considering S. 1184, a bill to authorize expenditures of \$15.6 billion from the airport and airway trust fund for fiscal years 1988-90.

We are all too familiar with the problems faced by commercial air travelers today. The skies are crowded, the airports are full, and airline service is less than ideal. The public is frustrated.

S. 1184 will go a long way toward correcting this situation. Authorization levels under the Airport Improvement Program will nearly double by fiscal year 1990, to \$1.8 billion. This will enable the Federal Aviation Administration (FAA) to proceed with much-needed improvements to facilities throughout the Nation.

This legislation would also increase expenditures under the FAA's Facilities and Equipment Program. The national airspace system modernization plan will replace an aging computer air traffic control system, with a state-of-the-art system capable of handling more flights, with fewer manhours.

S. 1184 is very favorable to small commercial airports, and I commend the Senators who have worked so hard on this legislation.

I would like to take a few moments to discuss the outlook for New Mexico's air traffic system.

First, the minimum enplanement level for entitlement funds is reduced from the present 40,000 annual enplanements, to 10,000 annual enplanements. This will enable smaller airports to participate in this program. At least two additional airports in the State of New Mexico—Roswell and Carlsbad—will now be eligible for enplanement funds.

Second, I am also excited about the establishment of a State block grant program. At the Secretary's discretion, as many as five States may be designated to assume responsibility for grant funding for all but primary airports. Federal grants are now made directly to the airports.

A major initiative of this administration is to return many policymaking decisions to the State level, where Government officials are more familiar with their citizens' needs. This pilot program is a significant step in that direction, and I hope it will result in a more efficient use of our aviation resources.

Finally, let me just say I am excited about the prospects for New Mexico's airports.

As the Nation's fifth largest State in terms of land mass, air service is very important to New Mexico. Commercial airports and commuter service are crucial to New Mexico's economic future. This legislation has the potential to provide improvements to many of our facilities.

Several major modernization projects are already underway. At Albuquerque International, runway and taxiway reconstruction have been completed. A \$100 million terminal expansion project began earlier this year, and will provide New Mexico with a modern facility capable of handling the ever-increasing passenger loads witnessed in recent years.

By the end of this year, the State expects to have the Sierra Blanca Regional Airport in operation. This facility, strongly endorsed by the Department of Transportation, will replace the present airport in Ruidoso. This will bring added safety and peace of mind to the people who fly into Ruidoso.

I am also optimistic regarding the prospects for improvements to Taos Municipal Airport. State and local officials enthusiastically support the proposed expansion to the facility. Earlier this year, Governor Carruthers

and I had the opportunity to visit with then-Administrator Engen, to indicate the need for and the strong support for improvements.

I am committed to helping Taos and other local airports in New Mexico. Las Cruces, Roswell, Las Vegas, and other cities have expressed interest in improving their facilities, and this legislation will help smaller airports make improvements.

In spite of the negative news we are hearing these days about air service, I believe the public has benefited from the deregulated environment. This legislation will make air travel easier for many of us, so that all Americans can realize the benefits of our Nation's air transportation system.

Mr. SASSER. Mr. President, I am delighted that we are considering today the Airport and Airway Capacity Expansion Act reauthorizing the Airport and Airway Improvement Act.

Much-needed airport improvements and expansions are waiting on our action on S. 1184. I am sure that none of us would want a repetition of the protracted authorization lapses we have several times experienced in past years. We have too much at stake, and I am confident that every Member of Congress wants to be sure that we provide adequate funding to ensure the finest national airport and airway system we are capable of developing.

We can take justifiable pride in what has been accomplished in the past. But, now conditions in our airports and airways have been dramatically transformed in a relatively brief span of years. This swift transformation makes airport improvement and expansion vitally important to our national welfare.

Air travel has become an essential part of doing business in this country, accounting for a large part of the stunning increase in commercial air traffic. Enplanements have gone up to nearly a half a billion passengers per year, a 40-percent increase since deregulation and a 26-percent increase just since the air traffic control strike in 1981. This increase alone puts an enormous strain on our airports.

Added to that, the airlines have come to rely on a hub-and-spoke service configuration. The result is a surge of traffic, deplanings and emplanings, in every hub airport. Airport operators have had to scramble to accommodate the crowd.

In the State of Tennessee, both Nashville and Memphis Airports now have hub operations. They are major airports, and the Knoxville and Chattanooga Airports are not far behind. Their funding needs have had to be compressed into fewer years to speed up the development they have required.

Mr. President, one of the outstanding provisions of this bill grew out of the needs of the Nashville Airport. In order to proceed in an orderly fashion with the installation of an additional



and necessary runway, the Nashville Airport was willing to go ahead, using its own bond financing, provided it could be promised a later Federal reimbursement. The reimbursement arrangement is now included in this bill. The Government is protected by requirements in the bill for advance notification and justifications, and we now have a well-thought out method for airports to keep up with their construction contracting schedules.

Another vital part of this legislation makes careful provision for the absolutely essential spending for airport noise compatibility. As the urbanization of our population has steadily increased, it has become physically impossible in many parts of the country to locate a major metropolitan airport without adverse noise impacts on some residential areas. In Memphis, TN, for example, as air traffic has increased, airport noise studies show that the airport is faced with a major noise compatibility program involving the potential purchase of some 1,300 residences. That alone is staggering. Airports can use other, less drastic measures, such as soundproofing homes and noise barrier construction. But, again, these all cost money.

Mr. President, this bill provides for noise abatement programs for the coming 3 years. While our airports are vital, I am delighted that we will make real efforts to assist their residential neighbors.

I am also pleased that the bill will mandate the increase of the air traffic controller work force and that it will provide funding for necessary upgrading of vital control tower and airport safety equipment.

I know all of us would like an even higher level of funding for our airport improvement program. But in the reality of our efforts to control the Federal budget, I am pleased to support the levels included in this legislation, beginning with \$1.6 billion for fiscal year 1988 and rising an additional \$100 million for each of the 2 remaining years of the authorization.

In short, Mr. President, this measure is an important step in coping with some of today's airport and air travel problems. I urge my colleagues to support this bill.

Mr. MURKOWSKI. Mr. President, I want to thank the Senator from Kentucky and the Senator from Kansas for the leadership they have demonstrated in the course of our debate on this bill. It is legislation of great importance to our aviation system by providing authorization for essential programs such as airport and airway improvements.

The bill incorporates legislation which I introduced to prohibit foreign firms from bidding on projects funded under the act unless their home country allows our design engineering, construction and architecture firms to participate on public works projects in their home market.

This provision, which was also included in the House version of this legislation, will provide United States negotiators with important leverage in our efforts to gain access for United States firms to participate on the \$8 billion Kansai International Airport project in Japan, in addition to approximately \$62 billion in other major projects which will be built in Japan over the next decade.

I thank the bill managers for their efforts to insure this provision was included in the bill when it was reported out of committee.

Mr. KERRY. Mr. President, first, I would like to take a moment to comment the subcommittee Chairman Mr. Ford for the excellent job he has done in fashioning this reauthorization of our airport and airway programs. At a time when every aspect of our Nation's aviation system—from baggage handling to air traffic control—is under tremendous strain and we hear calls for action from all quarters, the distinguished senior Senator from Kentucky has responded with a bill that truly meets the immense challenges we face and offers us the promise of improved safety and increased operating efficiency. That this was accomplished in the committee by virtual consensus is an even greater testimony to the skill of the chairman of the Aviation Subcommittee.

Anyone who flies, watches the nightly news, or reads weekly magazines knows that there is a crisis in aviation today. It is a crisis in both safety and service. This crisis was born out of the successes of deregulation, which has led to tough competition among the airlines and a massive increase in the number of people flying today. In fact, the number of airline passengers has jumped from 292 million in 1978 to 415 million last year, and it's still growing.

The solution to this crisis in aviation, however, is not wholesale new government regulation. Although some new regulatory approaches may be needed, such as those contained in the Passenger Protection Act, S. 1485, on the whole I think that most of us agree that deregulation has yielded many benefits, and we must not undertake any action that would undo those benefits. But the current mess is a crisis that government has the power to solve. The solution will cost money—billions of dollars, in fact—but it will not cost the American taxpayer one additional dime, because the money that we need is already being collected in the form of aviation user fees.

A few statistics serve to illustrate the safety crisis that has developed over the last several years. A high-speed collision between two aircraft—whether on the ground or in the air—is every pilot's worst fear. An important indicator of the risk of midair collision is the trend in near collisions, or incidents in which flying aircraft inadvertently come within 500 feet of each other. Unfortunately, the number of

these near-misses has risen steadily from 311 in 1982 to 839 last year.

Another worrisome statistic is the increase in operational errors, which measure an air traffic controller's failure to maintain adequate distance between aircraft. These errors increased 18 percent, to 313, from the first quarter of 1986 to the first quarter of last year. Finally, runway incursions, which represent near-misses on the ground, jumped from 103 in 1985 to 115 last year.

There are, of course, a number of reasons for these safety problems. One is the supply of air traffic controllers. In 1981 there were 16,375 controllers, of whom 13,348 were designated fully trained. Now there are 15,089 controllers, and only 9,565 are fully trained. Over the same period of time commercial flights have increased from 4.7 to 6.2 million. We ought to have been dramatically increasing the number of controllers in the years since deregulation, not decreasing that number.

At the Boston Air Traffic Control Center, which controls the airspace for much of the region, 140 controllers work 6-day weeks in order to compensate for the fact that 170 other authorized controllers' jobs are vacant. Many controllers believe that the fatigue which results from these conditions helps contribute to near-misses. For example, on April 9 Continental and Pan American planes were assigned to the same altitude and came within 500 feet of each other over Bridgeport, CT.

There are also safety problems with regard to the maintenance of aircraft. Eastern Airlines, for example, was fined \$9.5 million by the FAA last February after the agency found 78,000 violations of maintenance and safety regulations. And yet there continues to be a shortage of FAA aircraft inspectors. The number of inspectors was 1,621 in 1981, and after dropping to 1,494 in 1983 is back up to only 1,776, hardly enough to keep pace with the growth of the industry.

While the crisis in aviation is most acute with regard to safety, it affects consumer service as well. I don't think I need to reel off a long list of statistics about the increase in delays, in flight cancellations, in overbookings, and so on. I'm sure everyone here has experienced these problems at one time or another. Flying several times a week, I could fill up an entire speech with anecdotes of service problems.

Delays are perhaps the most common airline consumer problem. In 1986, delays totaled 2,500 hours per day, which some have estimated costs the Nation about \$3 billion in lost productivity. Although weather accounts for many of these delays, intense competition among airlines to schedule flights during peak slots, and lack of airport capacity are critical factors in the crisis. Inadequate capacity at our Nation's airports is perhaps the fundamental cause of the delay problem,



and it is one that we in Congress have the power and means to correct.

Clearly, the picture that is emerging is of an industry that is rapidly expanding and has developed a safety and service crisis as a result. The question remains—how can we solve this crisis without halting the expansion of the airline industry which is so vital to our economy and to the standard of living of our citizens.

The answer is two-fold; first, where possible we must make critically needed capacity improvements at our Nation's airports and in the air traffic control system. We must build more terminals, runways and gates, add more controllers and modernize our air traffic control system. We ought to be building the safest, most modern and most efficient airport/airway system in the world. It is particularly important that we develop added capacity in some of the smaller regional airports which serve to relieve both commercial and general aviation traffic which currently is overwhelming the largest airports in the major metropolitan areas.

Second, where we are faced with critically important airports which face real capacity constraints and cannot be expanded, we must pursue innovative ways of managing existing resources more efficiently, by encouraging airport operators, the FAA and air carriers to schedule air traffic more evenly throughout the day to avoid peak hour congestion. We also need to redouble our efforts at noise abatement at airports with adjacent residential neighborhoods to insure that unacceptable noise does not serve as a further constraint on airport capacity. Finally, we need to make facilities at reliever airports more attractive to general aviation users to draw this traffic away from the large commercial airports.

I said it before, but it's worth reemphasizing—I'm not calling for reregulation. The Government should not become an automatic pilot, dictating how much the airlines ought to charge, or who can fly which routes. We should merely help to steer the industry through the turbulence that is a byproduct of deregulation so that the competitive market can be permitted to run its course. Keeping the system flying smoothly for today's competition as well as the anticipated growth of tomorrow requires that we spend money on these critical improvements.

Well, Mr. President, I am pleased to say that these two steps are being addressed by Congress this year. The issues of scheduling and peak hour management are among the issues we will address when we consider the Passenger Protection Act. The bill we are debating today addresses the capacity and safety improvements we need to make in the Nation's airspace and airways.

We have the money for these improvements—it's sitting in our aviation

trust fund. The bill before us today merely uses money that we've had available for years. Since 1970, 8 percent of the cost of every airline ticket purchased has gone into this trust fund. Last year, nearly \$4 billion was generated by this and other smaller user fees, bringing the trust fund balance to \$8.6 billion. But up until last year we had spent less than half of this fund, leaving almost \$4.5 billion in surplus money. Moreover, that surplus is growing every year. The trust fund is fast approaching the \$10 billion mark, while the uncommitted balance has grown to \$5.6 billion. This is a large resource just waiting to be tapped.

Many observers have charged that the administration has intentionally maintained this trust fund surplus in order to artificially deflate the deficit. I think such a policy is extremely shortsighted, and think we ought to use the trust fund for the purpose for which it was intended. S. 1184, the Airport and Airway Capacity Expansion Act, does this. It attempts to speed up implementation of our national airspace system plan, or NAS plan, which will modernize and automate our Nation's air traffic control, navigation, and communications systems. It calls for the hiring of 1,000 new air-traffic controllers, controllers that are desperately needed if we are to shore up our air safety system.

S. 1184 also authorizes more money for grants through the Airport Improvement Program. These grants fund critical airport expansion projects, including the construction of new runways as well as noise abatement programs which are crucial for airport facilities like Logan in my State. This bill will help us build more reliever airports and improve our existing relievers and smaller commercial service airports. These small- and middle-sized airports are invaluable in our efforts to relieve congestion at our Nation's busiest airports.

Mr. President, without question, one thing that all of us agreed from the beginning was that there is a critical need for additional investment in greater airport capacity. This is a nationally recognized problem, and in Massachusetts it is no different. Logan International Airport—which sits in the heart of greater Boston in our Harbor—is the 10th busiest airport in the United States when measured in terms of passenger enplanements, which total 21 million last year. This represents more than twice the traffic Logan handled in 1970, and almost anyone who has traveled through Logan recently would find it hard to believe that the airport could handle any additional traffic. But incredible as it may seem, FAA projections indicate that by the year 2000—just 13 years away—Logan will face a demand of more than 30 million passengers a year.

Officials at the Massachusetts Port Authority believe that Logan has the

potential to handle this level of traffic—but only under conditions that require substantial effort and funding to achieve. MassPort foresees not only a need for better management of traffic throughout the day rather than peak hour congestion as now prevails. Logan also requires added capital improvements, including an eventual change from a unit terminal structure to one where passengers are directed and handled initially through a central processing facility and transported to gates at satellite terminals. Most importantly, however, MassPort believes that it will be necessary to develop a truly integrated regional airport plan and commercial aviation system capable of meeting the air traffic needs of the vibrant and densely settled New England economy.

It is in this regard that I believe that the bill before us today makes one of its most important contributions, not only by substantially increasing the overall spending level authorized by the bill and the formula grant funds available to reliever airports, but also by increasing the funds available to the FAA Administrator for discretionary airport capacity improvements grants.

Grants of this kind—particularly those made in accordance with regional airport plans developed by State officials in consultation with the FAA—offer great promise for relieving commercial air traffic in extremely crowded airports and spreading demand more evenly. An excellent example of where this kind of assistance is desperately needed is in Worcester, MA. Worcester has expanded from a passenger volume of 8,630 in 1982 to 52,700 in 1986, and this year's volume is projected to approach 110,000, more than double last year's level. Airports like Worcester, which have demonstrated an ability to absorb a greater volume, are exactly where our discretionary grant money ought to be going so that we can improve our regional airport system and pick up some slack from our overburdened hub airports. This bill provides more grant money for just this purpose.

Mr. President, this bill before us today, and its counterpart in the House, received strong bipartisan support in committee, and ought to be passed overwhelmingly here on the floor today. It is time to stop sitting around while the administration hoards our aviation trust fund, and our air-safety system is stretched to the brink of catastrophe. It's time to spend this trust fund money on repairing our airports and airways.

S. 1184 is a major step in our efforts to resolve the crisis we are facing in our Nation's aviation system. It begins to bring up-to-date an overburdened and understaffed airport/airway system, and we've got the resources to do so. Certainly, the cost of not doing anything far outweighs expense of shoring up the system. For if we con-



tinue along our present course, we will be inviting disaster—disaster, we will come to realize, that could have been prevented.

Mr. BYRD. Mr. President, I support the Airport and Airway Facilities Expansion Act of 1987, which will authorize funding for the Airport Improvement Program, the modernization of the air traffic control system, and supporting research and development efforts.

This bill increases the authorization of funding for the Airport Improvement Program from \$1 billion in 1987 to \$1.6 billion in fiscal year 1988 to \$1.8 billion in 1990. Good air facilities are key to the economic development of an area. Without such air facilities, small, rural communities are effectively handicapped from expanding their economic base.

West Virginia, like many States, has been experiencing severe economic hardship. Steel, coal, glass, and textile industries have closed, leaving thousands of West Virginians unemployed. Communities in my State have been struggling to develop new industry, including tourism. However, it is a strange paradox that West Virginia's mountainous terrain and valleys, which hold such promise for tourism, also act as a barrier to transportation. It is not only vital that West Virginia have an adequate airport system for economic development, but it is also vital that those airports be equipped to handle airline flights during adverse weather conditions. At no time has this need for access been more apparent as it has in times of emergency when airports have provided the only access to an area—as has been the case in West Virginia during flooding.

It is estimated that West Virginia will receive \$20.127 million over 5 years under the Airport Improvement Grants Program. This will fund airport improvements and development that would not be possible without Federal assistance.

This bill also requires the Federal Aviation Administration to hire an additional 1,000 air traffic controllers by the end of fiscal year 1988. Continued reports over understaffing of our Nation's air traffic control system and increasing near-mid-air collisions have been of major concern to all of us who must fly. Increasing this staffing level is one step in the right direction.

I support this measure, and I urge its adoption.

Mr. FORD. I am ready for third reading, Mr. President.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

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

Mr. FORD. Mr. President, I ask unanimous consent that the Senate

proceed to the consideration of H.R. 2310, Calendar Order No. 363.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2310) to amend the Airport and Airway Improvement Act of 1982 for the purpose of extending the authorization of appropriations for airport and airway improvements, and for other purposes.

Mr. FORD. Mr. President, I move to strike all after the enactment clause and substitute the text of S. 1184, as amended.

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

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

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

The bill was read the third time.

Mr. FORD. On this bill, Mr. President, I ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Tennessee [Mr. GORE] and the Senator from North Carolina [Mr. SANFORD] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE] would vote "yea."

Mr. SIMPSON. I announce that the Senator from Kansas [Mr. DOLE] is necessarily absent.

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

The result was announced—yeas 96, nays 1, as follows:

[Rollcall Vote No. 356 Leg.]

YEAS—96

Adams	DeConcini	Inouye
Armstrong	Dixon	Johnston
Baucus	Dodd	Karnes
Bentsen	Domenici	Kassebaum
Biden	Durenberger	Kasten
Bingaman	Evans	Kennedy
Bond	Exon	Kerry
Boren	Ford	Lautenberg
Boschwitz	Fowler	Leahy
Bradley	Garn	Levin
Breaux	Glenn	Lugar
Bumpers	Graham	Matsunaga
Burdick	Gramm	McCain
Byrd	Grassley	McClure
Chafee	Harkin	McConnell
Chiles	Hatch	Melcher
Cochran	Hatfield	Metzenbaum
Cohen	Hecht	Mikulski
Conrad	Heflin	Mitchell
Cranston	Heinz	Moynihan
D'Amato	Helms	Murkowski
Danforth	Hollings	Nickles
Daschle	Humphrey	Nunn

Packwood  
Pell  
Pressler  
Pryor  
Quayle  
Reid  
Riegle  
Rockefeller  
Roth

Rudman  
Sarbanes  
Sasser  
Shelby  
Simon  
Simpson  
Specter  
Stafford  
Stennis

Stevens  
Symms  
Thurmond  
Trible  
Wallop  
Warner  
Weicker  
Wilson  
Wirth

NAYS—1

Proxmire

NOT VOTING—3

Dole Gore Sanford

So the bill (H.R. 2310), as amended, was passed as follows:

H.R. 2310

Resolved, That the bill from the House of Representatives (H.R. 2310) entitled "An Act to amend the Airport and Airway Improvement Act of 1982 for the purpose of extending the authorization of appropriations for airport and airway improvements, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause and insert:

That the Act may be cited as the "Airport and Airway Capacity Expansion Act of 1987".

#### TITLE I—AIRPORT AND AIRWAY IMPROVEMENT ACT

SEC. 101. Section 502(a) of the Airport and Airway Improvement Act of 1982 (hereinafter referred to as "the Act") (49 App. U.S.C. 2201(a)) is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively;

(2) by inserting after paragraph (6) the following:

"(7) cargo hub airports play a critical role in the movement of commerce through the airport and airway system, and appropriate provisions should be made to facilitate the development and enhancement of such hub airports;"

(3) by striking "and" at the end of paragraph (9), as so redesignated;

(4) by striking the period at the end of paragraph (10), as so redesignated, and inserting in lieu thereof a semicolon;

(5) by adding at the end thereof the following:

"(11) airport construction and improvement projects which increase the capacity of facilities to accommodate passenger and cargo traffic, thereby increasing safety and efficiency and reducing delays, should be undertaken to the maximum feasible extent; and

"(12) it is in the national interest to insure that nonaviation usage of navigable airspace be accommodated, but not allowed to decrease the safety and capacity of the airspace and airport system this title is developing."

SEC. 102. Section 503(a) of the Act (49 App. U.S.C. 2202(a)) is amended—

(1) in paragraph (2), by inserting immediately before the period at the end of subparagraph (C) the following: "or any land included within an unacceptably high level noise contour and identified on a current or projected noise contour map determined acceptable by the Secretary";

(2) by redesignating paragraphs (5) through (24) as paragraphs (6) through (25), respectively, and by inserting immediately after paragraph (4) the following:

"(5) 'Cargo hub airport' means a public airport that receives in excess of 100 million pounds landed weight of all-cargo aircraft on an annual basis, as determined by the Secretary."



(3) in paragraph (12), as so redesignated, by striking all after "have" and inserting in lieu thereof the following: "more than 10,000 passengers enplaned annually.";

(4) in paragraph (13), as so redesignated, by (A) striking "development or" and inserting in lieu thereof "development," and (B) inserting immediately after "planning," the following: "or for carrying out noise compatibility programs or parts of such programs under section 104(c)(1) of the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2104(c)(1))"; and

(5) in paragraph (18), as so redesignated, by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting immediately after subparagraph (A) the following:

"(B) any cargo hub airport,".

SEC. 103. Section 504(a) of the Airport and Airway Improvement Act of 1982 (49 U.S.C. 2203(a)) is amended—

(1) by designating the existing text as paragraph (a)(1); and

(2) by adding at the end thereof the following new paragraph:

"(2) As soon as feasible following the date of the enactment of this paragraph, the Secretary shall, in reviewing and revising the plan, take into account all structures which reduce safety or airport capacity. In addition, the Secretary, in carrying out such review and revision, shall make every reasonable effort to address the legitimate needs of air cargo operations, and STOL/VSTOL and rotary wing aircraft operations."

SEC. 104. Section 1101 of the Federal Aviation Act of 1958 (49 U.S.C. 1501) is amended to read as follows:

"HAZARDS TO SAFE AND EFFICIENT AIR COMMERCE AND THE PRESERVATION OF NAVIGABLE AIRSPACE AND AIRPORT TRAFFIC CAPACITY

"SEC. 1101. (a) The Secretary of Transportation (hereinafter in this section referred to as the "Secretary") shall, by rules and regulations, or by order where necessary, require all persons to give adequate public notice, in the form and manner prescribed by the Secretary, of the construction or alteration, or of the proposed construction or alteration, of any structure where notice will promote safety in air commerce as well as the efficient use and preservation of the navigable airspace, and airport traffic capacity at public-use airports.

"(b) Where the Secretary determines, according to rules and regulations, that the construction or alteration of any structure may constitute a physical obstruction in navigable airspace, the Secretary shall conduct an aeronautical study to determine the extent of the adverse impact, if any, on the safe and efficient use of the navigable airspace. Upon completion of such an aeronautical study, the Secretary shall issue a report fully disclosing the extent of the adverse impact on the safe and efficient use of the navigable airspace which the Secretary determines will result from the construction or alteration of a structure.

"(c) When conducting an aeronautical study to determine the impact of the construction or alteration of a structure, the Secretary shall thoroughly consider, according to rules and regulations, all factors relevant to the efficient and effective use of the navigable airspace, and shall specifically consider:

"(1) the impact on arrival, departure, and en route procedures for aircraft operating under visual flight rules;

"(2) the impact on arrival, departure, and en route procedures for aircraft operating under instrument flight rules;

"(3) the impact on all existing public-use airports and aeronautical facilities;

"(4) the impact on all planned public-use airports and aeronautical facilities; and

"(5) the cumulative impact resulting from the proposed construction or alteration of a structure when combined with the impact of other existing or proposed structures.

"(d) In the administration of laws relating to broadcast applications and the conduct of aeronautical studies relating to broadcast towers, the Federal Communications Commission and the Federal Aviation Administration shall take such action as may be necessary to efficiently coordinate the receipt, consideration of, and action upon such applications and the completion of associated aeronautical studies."

SEC. 105. Section 504(d) of the Act (49 App. U.S.C. 2203(d)) is amended—

(1) by amending paragraph (2) to read as follows:

"(2)(A) The Secretary and the Secretary of Defense, in consultation with aviation users, shall jointly conduct a national review of the need and utilization of special use airspace with a view to determining its impact on civil aviation operations and on the quality of the environment.

"(B) Within eighteen months after the date of enactment of the Airport and Airway Capacity Expansion Act of 1987, the Secretary and the Secretary of Defense shall report to the Congress the results of such review, together with their recommendations."

(2) by striking paragraph (3).

SEC. 106. (a) Section 505(a) of the Act (49 App. U.S.C. 2204(a)) is amended—

(1) by inserting "(1)" immediately before "In order"; and

(2) by adding at the end the following:

"(2) The aggregate amounts which shall be available after September 30, 1987, to the Secretary for such grants and for grants for airport noise compatibility under the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2101 et seq.) shall be \$6,716,700,000 for fiscal years ending before October 1, 1988; \$8,416,700,000 for fiscal years ending before October 1, 1989; and \$10,216,700,000 for fiscal years ending before October 1, 1990."

(b) Section 505(b) of the Act (49 App. U.S.C. 2204(b)) is amended by striking "September 30, 1987," and inserting in lieu thereof "September 30, 1990."

(c) Section 505(c) of the Act (49 App. U.S.C. 2204(c)) is amended to read as follows:

"(c) AUTHORIZATION FOR LIQUIDATING APPROPRIATIONS.—There are to be appropriated from the Trust Fund, to remain available until expended, such sums as are necessary to liquidate obligations incurred under this section."

SEC. 107. (a) Section 506(a) of the Act (49 App. U.S.C. 2205(a)) is amended—

(1) by inserting "(1)" immediately after "EQUIPMENT.—";

(2) by striking "and" after "1986"; and

(3) by striking "1987," and inserting in lieu thereof the following: "1987; \$7,827,000,000 for the fiscal years ending before October 1, 1988; \$9,327,000,000 for the fiscal years ending before October 1, 1989; and \$11,077,000,000 for the fiscal years ending before October 1, 1990."

(b) Section 506(b) of the Act (49 App. U.S.C. 2205(b)) is amended—

(1) by striking "and" immediately before "\$193,000,000"; and

(2) by striking the period at the end of the second sentence and inserting in lieu thereof the following: "—\$200,000,000 for fiscal year 1988 (of which not less than \$250,000 shall be made available for equipment designed to provide improved access by handicapped persons to commercial aircraft); \$200,000,000 for fiscal year 1989; and

\$225,000,000 for fiscal year 1990, of which not less than \$25,000,000 in each such year is authorized to be appropriated for research, engineering and development regarding airport capacity improvements."

(c) Section 506(c)(2) of the Act (49 App. U.S.C. 2205(c)(2)) is amended—

(1) by striking "and" after "1986"; and

(2) by striking "1987," and inserting in lieu thereof the following: "1987; and an amount not to exceed the amount made available for purposes of section 505 of this title for fiscal years 1988 through 1990."

(d) Section 506(d) of the Act (49 App. U.S.C. 2205(d)) is amended—

(1) by striking "and" after "1986"; and

(2) by striking "1987," and inserting in lieu thereof the following: "1987; \$30,000,000 for fiscal year 1988; \$30,000,000 for fiscal year 1989; and \$30,000,000 for fiscal year 1990."

(e) Section 506(e)(5) of the Act (49 App. U.S.C. 2205(e)(5)) is amended by striking "September 30, 1987," and inserting in lieu thereof "September 30, 1990."

SEC. 108. (a) Section 507(a)(1) of the Act (49 App. U.S.C. 2206(a)(1)) is amended by striking "(1) PRIMARY AIRPORTS.—" and inserting in lieu thereof "(1) PRIMARY AIRPORTS; PASSENGER ENPLANEMENTS.—"

(b) Section 507(a)(1)(B) is amended—

(1) by striking "1987," and inserting in lieu thereof "1990,";

(2) by striking "and" after "1986"; and

(3) by striking "1987," and inserting in lieu thereof "1987, and 30 percent for each of the fiscal years 1988 through 1990."

(c) Section 507(a)(1)(C) of the Act (49 App. U.S.C. 2206(a)(1)(C)) is amended—

(1) by striking "\$200,000" and inserting in lieu thereof "\$300,000"; and

(2) by striking "\$12,500,000" and inserting in lieu thereof "\$16,000,000."

(d) Section 507(a)(1)(D) and (E) of the Act (49 App. U.S.C. 2206(a)(1)(D) and (E)) is amended by striking "50 percent" each place it appears and inserting in lieu thereof "38 percent."

(e)(1) Section 507(a) of the Act (49 App. U.S.C. 2206(a)) is amended—

(A) by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), respectively; and

(B) by inserting immediately after paragraph (1) the following:

"(2) PRIMARY AIRPORTS; CARGO HUB AIRPORTS APPORTIONMENT.—In addition to funds to which any public airport may be entitled under any other provision of this title, and notwithstanding any other limitation on funding, a 3 percent share of the total amount authorized or available under section 505 of this title shall be set aside for distribution to cargo hub airports. Such distribution will be made by the Secretary on a pro rata basis, determined by calculating the total amount of all-cargo aircraft landed weight at all qualified cargo hub airports and establishing each qualified cargo hub airport's percentage share of such total amount. Each qualified cargo hub airport shall be entitled to that percentage of the total 3 percent share of the total amount authorized or available under section 505 of this title for any fiscal year."

(2) Section 507(a)(3) of the Act, as so redesignated, is amended by striking "October 1, 1987," and inserting in lieu thereof "October 1, 1990."

(3) Section 507(a)(4)(A) of the Act, as so redesignated, is amended by striking "and (4)" and inserting in lieu thereof "(3), and (5)".

(4) Section 507(a)(5) of the Act, as so redesignated, is amended by striking "paragraph (3)" and inserting in lieu thereof "paragraph (4)".



(f) Section 507 of the Act (49 App. U.S.C. 2206) is amended by adding at the end the following:

"(c) CARGO HUB AIRPORT CALCULATIONS.—For purposes of determining the pro rata apportionment for any fiscal year under subsection (a)(2) of this section, the total all-cargo aircraft landed weight at an airport shall be based on the all-cargo aircraft landed weight for the preceding calendar year."

(g) Section 509(e) of the Act (49 App. U.S.C. 2208(e)) is amended by striking "section 507(a)(1)" and inserting in lieu thereof "section 507(a)(1) and (2)".

Sec. 109. (a) Section 508(a) of the Act (49 App. U.S.C. 2207(a)) is amended—

(1) by striking "or (4)" and inserting in lieu thereof "(3), or (5)"; and

(2) by striking "507(a)(3)" and inserting in lieu thereof "507(a)(4)".

(b) Section 508(c) of the Act (49 App. U.S.C. 2207(c)) is amended by striking "507(a)(2)" each place it appears and inserting in lieu thereof "507(a)(3)".

(c) Section 508(d) of the Act (49 App. U.S.C. 2207(d)) is amended—

(1) by adding at the end of paragraph (1) the following: "Of such amount, \$300,000 shall annually be apportioned to each primary reliever airport and be available for obligation in the fiscal year during which it was first authorized to be obligated and the succeeding fiscal year. For purposes of this paragraph, a 'primary reliever airport' is a reliever airport having the function of relieving congestion at a pacing airport, as determined by the Secretary, which (A) if located within 50 miles of a pacing airport, has 100,000 annual itinerant operations or 125,000 total annual operations and has 200 based aircraft, or (B) if located more than 50 miles from a pacing airport, has 25,000 annual itinerant operations, 150,000 total annual operations, 300 based aircraft, an air traffic control tower, and a published instrument approach."

(2) in paragraph (2), (A) by striking "8 percent" and inserting in lieu thereof "10 percent"; (B) by striking "(A)"; and (C) by striking all from "section 104(c)" and inserting in lieu thereof "section 104(c)(1) of such Act."

(3) in paragraph (3), (A) by striking "5.5 percent" each place it appears and inserting in lieu thereof "2 percent"; and (B) by striking "paragraph (4)" and inserting in lieu thereof "paragraph (5)"; and

(4) by redesignating paragraph (5) as paragraph (6), and inserting after paragraph (4) the following:

"(5) Not less than \$250,000,000 shall be made available under section 505 for any fiscal year to be distributed to primary airports and their reliever airports for improvements which increase the capacity of facilities to accommodate passenger and cargo traffic, thereby increasing safety and efficiency and reducing delays."

Sec. 110. Section 512 of the Act (49 App. U.S.C. 2211) is amended—

(1) in subsection (a), by striking "507(a)(1)" and inserting in lieu thereof "507(a)(1) and (2)";

(2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(3) by inserting immediately after subsection (a) the following:

"(b) AIRPORT DEVELOPMENT ALREADY ACCOMPLISHED.—The Secretary may approve a project grant application and make a grant to reimburse a sponsor for airport development already accomplished by the sponsor (including project formulation costs) at a primary or reliever airport if—

"(1) the airport development for which reimbursement is requested will result in a

significant enhancement of systemwide capacity;

"(2) before the development was begun, the sponsor notified the Secretary of its intent to carry out the development and request reimbursement subsequent to accomplishment of the development; and

"(3) before the development was begun, the sponsor provided the Secretary with sufficient information to enable the Secretary to assure that the development would be carried out in accordance with all applicable statutory and administrative requirements imposed on sponsors in connection with projects funded under this title, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)."

Sec. 111. Section 513(b) of the Airport and Airway Improvement Act of the Act (49 App. U.S.C. 2212(b)) is amended—

(1) in paragraph (2), (A) by striking "Not more than the greater of (A) \$200,000, or (B) 60 percent of the" and inserting in lieu thereof "The"; and (B) by striking "section 507(a)(3)" and inserting in lieu thereof "section 507(a)(4)";

(2) by striking paragraph (5); and

(3) by redesignating paragraph (6) as paragraph (5).

Sec. 112. Section 519 of the Act (49 App. U.S.C. 2218) is amended by adding at the end the following: "The Secretary shall propose implementing regulations with respect to the airport grant program authorized by this Act, receive and consider public comment (including possible amendments to sponsor assurances to be included in grant agreements), and promulgate final regulations not later than one year after the date of enactment of the Airport and Airway Capacity Expansion Act of 1987."

Sec. 113. Section 529 of the Act (49 App. U.S.C. 2225) is amended by striking "October 1, 1987" and inserting in lieu thereof "October 1, 1990".

Sec. 114. The Act (49 App. U.S.C. 2201 et seq.) is amended by adding at the end the following:

"SEC. 533. DENIAL OF FUNDS FOR CERTAIN PROJECTS.

"(a) IN GENERAL.—

"(1) No funds provided under this Act may be used to fund any project which uses any product or service of a foreign country during any period in which such foreign country is listed by the United States Trade Representative under subsection (c) of this section.

"(2) Paragraph (1) of this subsection shall not apply with respect to the use of a product or service in a project if the Secretary determines that—

"(A) the application of paragraph (1) to such product, service, or project would not be in the public interest;

"(B) products of the same class or kind as such product or service are not produced or offered in the United States, or in any foreign country that is not listed under subsection (c) of this section, in sufficient and reasonably available quantities and of a satisfactory quality; or

"(C) exclusion of such product or service from the project would increase the cost of the overall project contract by more than 20 percent.

"(b) DETERMINATIONS.—

"(1) By no later than the date that is 30 days after the date on which each report is submitted to the Congress under section 181(b) of the Trade Act of 1974 (19 U.S.C. 2241(b)), the United States Trade Representative shall make a determination with respect to each foreign country of whether such foreign country—

"(A) denies fair and equitable market opportunities for products and supplies of the United States in procurement; or

"(B) denies fair and equitable market opportunities for United States bidders,

for construction projects that cost more than \$500,000 and are funded (in whole or in part) by the government of such foreign country.

"(2) In making determinations under paragraph (1) of this subsection, the United States Trade Representative shall take into account information obtained in preparing the report submitted under section 181 of the Trade Act of 1974 and such other information as the United States Trade Representative considers to be relevant.

"(c) LISTING OF FOREIGN COUNTRIES.—

"(1) The United States Trade Representative shall maintain a list of each foreign country with respect to which an affirmative determination is made under subsection (b) of this section.

"(2) Any foreign country that is added to the list maintained under paragraph (1) of this subsection shall remain on the list until the United States Trade Representative determines that such foreign country does permit the fair and equitable market opportunities described in subsection (b)(1) (A) and (B) of this section.

"(3) The United States Trade Representative shall annually publish in the Federal Register the entire list required under paragraph (1) of this subsection and shall publish in the Federal Register any modifications to such list that are made between annual publications of the entire list.

"(d) DEFINITIONS.—For purposes of this section—

"(1) Each foreign instrumentality, and each territory or possession of a foreign country, that is administered separately for customs purposes shall be treated as a separate foreign country.

"(2) Any article that is produced or manufactured (in whole or in substantial part) in a foreign country shall be considered to be a product of such foreign country.

"(3) Any service provided by a person that is a national of a foreign country, or is controlled by nationals of a foreign country, shall be considered to be a service of such foreign country."

Sec. 115. The Act (49 App. U.S.C. 2201 et seq.), as amended by this Act, is further amended by adding at the end the following:

"SEC. 534. CONTRACTING FOR ENGINEERING AND DESIGN SERVICES.

"Each contract or subcontract for program management, construction management, planning studies, feasibility studies, preliminary engineering, design, architectural, engineering, surveying, mapping or related services with respect to a project or program authorized, reauthorized or otherwise funded under this title shall be awarded in the same manner as the selection procedures in title IX of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 541 et seq.) as in effect on the date of enactment of this section or an equivalent qualifications-based requirement prescribed for or by the procuring agency or equivalent State qualifications-based requirement. This paragraph shall apply except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services."

Sec. 116. The Act (49 App. U.S.C. 2201 et seq.), as amended by this Act, is further amended by adding at the end the following:

"SEC. 535. STATE BLOCK GRANT PILOT PROGRAM.

"(a) PROMULGATION OF REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to implement a State block grant pilot program to become effective



live on October 1, 1989. Such program shall expire on September 30, 1991.

"(b) ASSUMPTION OF CERTAIN RESPONSIBILITIES.—Such regulations shall provide that the Secretary may designate not more than 5 qualified States to assume administrative responsibility for all airport grant funding available under this title, other than funding which has been designated for use at primary airports.

"(c) SELECTION.—The Secretary shall select States for participation in such program on the basis of applications submitted to the Secretary. The Secretary shall select any such State only if the Secretary determines that the State—

"(1) has an agency or organization capable of administering effectively any block grant made under this section;

"(2) uses a satisfactory airport system planning process;

"(3) uses a programming process acceptable to the Secretary;

"(4) has agreed to comply with Federal procedural and other standard requirements for administering any such block grant; and

"(5) has agreed to provide the Secretary with such program information as the Secretary may require.

Before determining that any planning process is satisfactory or any programming process is acceptable, the Secretary shall ensure that such process provides for meeting critical safety and security needs, and that the programming process ensures that the needs of the national airport system will be addressed in deciding to which projects funds will be provided.

"(d) REPORT.—The Secretary shall conduct an ongoing review of the program established under this section, and shall, not later than 90 days before its scheduled termination, report to the Congress the results of such review, together with recommendations for further action relating to the program."

SEC. 117. The Secretary of Transportation shall make permanent the low activity (VFR) Level I air traffic control tower contract program established under section 526 of the Airport and Airway Improvement Act of 1982 (49 App. U.S.C. 2222).

SEC. 118. (a) Not later than September 30, 1988, the Federal Aviation Administration shall hire not less than 1,000 air traffic controllers in addition to the total air traffic controller work force level specified in Public Law 99-591.

(b) The additional air traffic controllers hired pursuant to subsection (a) of this section shall not include air traffic assistants.

SEC. 119. (a) It is the intention of the Congress that the authority of the Secretary of Transportation to make grants under section 104(c)(2) of the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2104(c)(2)) to airport operators to implement noise compatibility programs that were developed prior to the promulgation of implementing regulations under such Act if the Secretary determines that such programs would further the purposes of such Act shall continue until such programs are fully implemented, notwithstanding any other provision of law and any rule or regulation promulgated pursuant to any other provision of law.

(b) In order to carry out the intent specified in subsection (a) of this section, grants may continue to be made under section 104(c)(2) of the Aviation Safety and Noise Abatement Act of 1979 (49 App. U.S.C. 2104(c)(2)) for noise compatibility programs or projects previously approved under such program, if—

(1) the operator of the airport involved submits updated noise exposure contours, as required by the Secretary; and

(2) the Secretary determines that such programs or projects are compatible with the purposes of such Act.

SEC. 120. (a) Congress finds that—

(1) the number of near midair collisions is an indication that additional measures must be taken to assure the highest level of air safety in the United States;

(2) public health and safety requirements necessitate the timely completion and installation of a collision avoidance system for use by commercial aircraft flying in the United States;

(3) the Traffic Alert and Collision Avoidance System promises to reduce the threat to life caused by midair collisions, particularly collisions between general aviation aircraft and commercial aircraft;

(4) the Traffic Alert and Collision Avoidance System will succeed only to the degree that other aircraft posing a collision threat use operating transponders with automatic altitude reporting capability; and

(5) the Federal Aviation Administration should continue to a deliberate pace the development of additional technologies, including the collision avoidance system known as TCAS-III, to ensure the safe separation of aircraft.

(b) Section 601 of the Federal Aviation Act of 1958 (49 App. U.S.C. 1421) is amended by adding at the end the following:

"COLLISION AVOIDANCE SYSTEMS

"(f)(1)(A) The Administrator shall complete development of the collision avoidance system known as TCAS-II so that such system will be operable under visual and instrument flight rules and will be upgradeable to the performance standards applicable to the collision avoidance system known as TCAS-III.

"(B) The Administrator shall develop and implement a schedule for development and certification of the collision avoidance system known as TCAS-II which will result in completion of such certification not later than 18 months after the date of the enactment of this subsection.

"(C) The Administrator shall transmit to Congress monthly reports on the progress being made in development and certification of the collision avoidance system known as TCAS-II.

"(2) The Administrator shall require by regulation that, not later than 30 months after the date of certification of the collision avoidance system known as TCAS-II, such system be installed and operated on each civil aircraft which has a maximum passenger capacity of more than 20 seats and which is used to provide air transportation of passengers, including intrastate air transportation of passengers.

"(3) Within 6 months after the date of enactment of this subsection, the Administrator shall promulgate a final rule requiring the installation and use of operating transponders with automatic altitude reporting capability for aircraft operating in designated terminal airspace where radar service is provided for separation of aircraft. For terminal airspace designated under this paragraph, other than for Terminal Control Areas and Airport Radar Service Areas, the Administrator may provide for access to such airspace by non-equipped aircraft if the Administrator determines that such access will not interfere with the normal traffic flow. Such final rule shall require the installation and use of such transponders not later than 24 months after the date of enactment of this subsection."

(c) The item relating to section 601 in the table of contents of the Federal Aviation Act of 1958 is amended by adding at the end the following:

"(f) Collision avoidance systems."

(d) The Administrator of the Federal Aviation Administration shall complete the research and the development on, and the certification of, the collision avoidance system known as TCAS-III as soon as possible. There are authorized to be appropriated such sums as may be necessary from the Airport and Airway Trust Fund to carry out this subsection.

SEC. 121. RELEASE OF RESTRICTIONS.—

(a) GENERAL RULE.—Subject to subsection (b), in recognition of the benefits to the public, the city of Laredo, Texas, and its successors and assigns, are hereby released from all terms, conditions, reservations, and restrictions contained in the instrument of disposal dated February 21, 1975, by which the United States conveyed the property on which the Laredo International Airport, Laredo, Texas, is located to such city to the extent that such terms, conditions, reservations and restrictions apply to the portion of such property consisting of approximately 680.1586 acres of land which is designated under the 1985 master plan and land use plan for the Laredo International Airport as being available for nonaviation purposes.

(b) CONDITIONS.—The release granted by subsection (a) shall be subject to the following conditions:

(1) All revenues derived from the property to which such release applies shall be used for development, improvement, operation, and maintenance of the Laredo International Airport.

(2) The use of property to which such release applies shall not interfere with the operation and maintenance of such airport.

(3) Property to which such release applies may only be rented or leased if the term of the rental or lease agreement is 20 years or less and if compensation which is not less than—

(A)  $\frac{1}{4}$  of fair market value is received in the case of a rental or lease agreement for a term of 10 years or less; and

(B)  $\frac{1}{2}$  of fair market value is received in the case of a rental or lease agreement for a term of more than 10 years.

(4) Property to which such release applies may only be transferred if compensation which is equal to or more than fair market value is received.

(5) The city of Laredo, Texas, shall provide to the Administrator of the Federal Aviation Administration—

(A) an accounting and management plan acceptable to the Administrator for managing the Laredo International Airport general fund; and

(B) an explanation of the management by such city of such general fund in calendar years beginning after December 31, 1977, and ending before the date of the enactment of this Act.

(C) IMPLEMENTATION.—The administrator of the Federal Aviation Administration shall take such action as may be necessary to carry out the provisions of this section.

SEC. 122. The Secretary of Transportation shall study the various methods of air traffic control which might be utilized at the Grand Canyon Airport, including the possibility and feasibility of installing radar for air traffic control purposes. The Secretary shall report the results of such study, together with his or her recommendations, to the Congress on or before the expiration of the 180-day period following the date of the enactment of this Act.

SEC. 123. (a) Notwithstanding section 16 of the Federal Airport Act (as in effect on the date of each conveyance referred to in this subsection) with respect to such conveyance, the Secretary is authorized, subject to the provisions of section 4 of the Act of October 1, 1949 (63 Stat. 700; 50 U.S.C. App. 1622c),



and the provisions of subsection (b) of this section, to grant release—

(1) from any of the terms, conditions, reservations, and restrictions contained in each deed of conveyance under which the United States conveyed property to the city and county of Denver, Colorado, on which portions of Stapleton International Airport are located; and

(2) from any assurance made by the sponsor of such airport for a grant under the Airport and Airway Improvement Act of 1982 for a project at such airport.

(b) CONDITIONS.—Any release granted by the Secretary under paragraph (1) of this subsection shall be subject to the following conditions:

(1) The city and county of Denver, Colorado, shall agree that in conveying any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) the city and county will receive an amount for such interest which is equal to the fair market value (as determined pursuant to regulations issued by the Secretary).

(2) Any such amount so received by the city and county shall be used by the city and county for the development, construction, and improvement of a new Denver air carrier airport and a reliever airport in the event that the operation of the new air carrier airport severely restricts the operation of the nearby reliever airport. In no event shall such amount be used for operation or maintenance of such airports.

(3) The city and county shall agree not to convey any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) until the opening and initial operation of a primary airport to replace Stapleton International Airport, unless the Secretary determines that any such property is not essential for the operation of Stapleton International Airport.

Sec. 124. Airport grant funds made available to the State of Hawaii under section 505 of the Airport and Airway Improvement Act of 1982, may, notwithstanding any other provision of law, be used to acquire properties referred to as areas 46A and 46B of the United States General Services Administration Facility Site in Moanalua, Honolulu, Oahu, Hawaii, or to reimburse the State of Hawaii for such acquisitions.

Sec. 125. (a) notwithstanding section 23 of the Airport and Airway Improvement Act (as in effect on April 6, 1982), the Secretary of Transportation is authorized, subject to the provisions of section 4 of the Act of October 1, 1947, 50 App. U.S.C. 1622 (c), and the provisions of subsection (b) of this section, to grant releases from any of the terms, conditions, reservations, and restrictions contained in the deed of conveyance, dated April 6, 1982, under which the United States conveyed certain property to the State of Hawaii for airport purposes.

(b) Any release granted by the Secretary of Transportation under subsection (a) of this section shall be subject to the following conditions:

(1) The property for which a release is granted under this subsection shall not exceed 2,280 acres.

(2) The State of Hawaii shall agree that, in conveying any interest in the property which the United States conveyed to the State by a deed described in subsection (a), the State will receive an amount for such interest which is equal to the fair market value.

(3) Any amount so received shall be used for airport purposes only; and

(4) In the event land or any interest therein is received in exchange for all or part of the 2,280 acres, the deed of conveyance of

such land or interest will contain language mandating that:

(A) the land or interest must be used for airport purposes only; and

(B) such land or interest in land received by the State of Hawaii may not be conveyed by the State, except by approval of the Federal Government, pursuant to the authority vested in the Secretary of Transportation, under section 4 of the Act of 1947, 50 App. U.S.C. 1622(c); and

(C) such conveyance by the State of Hawaii shall be subject to receipt of fair market value; and

(D) the proceeds from such conveyance by the State of Hawaii shall be used for airport purposes only.

Sec. 126. The Federal Aviation Administration flight service station located in Juneau, Alaska, is designated and shall, after the date of enactment of this Act, be known as the "Dave Scheytt Flight Service Station". Any reference in a law, map, regulation, document, or other paper of the United States to such flight service station shall be held and considered to refer to the "Dave Scheytt Flight Service Station".

Sec. 127. (a) This section may be cited as the "Small Community Air Service Improvement Act of 1987".

(b) As used in this section, the term—

(1) "air carrier" has the meaning given to such term in section 101(3) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1301(3));

(2) "basic air service" means, with respect to points not in the State of Alaska—

(A) two daily round trip flights occurring on six days per week, with not more than one intermediate stop between the eligible point and a hub airport, which flights are scheduled to coincide approximately with the beginning and end of the business day;

(B) convenient connecting or single plane service at the hub airport to and from a substantial number of major destinations beyond such hub airport;

(C) service provided in aircraft large enough to accommodate estimated passenger and nonpassenger traffic at an average load factor for each such class of traffic of not greater than 50 per centum, except as provided in subparagraph (G) of this paragraph;

(D) service provided in aircraft with at least two pilots and two engines, unless, after October 31, 1978, no such aircraft have been employed in scheduled airline service for more than sixty consecutive operating days at such point;

(E) service provided with pressurized aircraft for operations which regularly exceed an altitude of eight thousand feet;

(F) service at fares which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points; and

(G) service provided by an aircraft with an effective capacity of at least 15 passengers unless, after October 31, 1978, aircraft with an effective capacity of at least 15 passengers have not been employed from the eligible point for more than 60 consecutive operating days of scheduled airline services;

(3) "basic air service" means, with respect to points in the State of Alaska, service at reasonable fares and charges that is not less than that which existed in calendar year 1976 or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Secretary and the State agency of the State of Alaska, after consultation with the community affected;

(4) "eligible point" means any airport in the United States which is more than 50 statute miles by highway from a hub airport and for which a determination of essential air transportation has been made under sec-

tion 419 of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389);

(5) "enhanced air service" means service whose quality exceeds basic air service to the extent that it would require payment of compensation under this section in excess of the compensation required for such basic air service;

(6) "hub airport" means an airport that annually employs more than 0.25 percent of the total annual enplanements in the United States;

(7) "new eligible point" means any airport which is not an eligible point that has been designated by a State or local government as a point to receive scheduled passenger air service under this section, if such State or local government has guaranteed to pay 50 per centum of the compensation paid to an air carrier for providing the air service specified by such State or local government; and

(8) "Secretary" means the Secretary of Transportation.

(c) The Secretary shall pay compensation to air carriers to the extent necessary to—

(1) assure that each eligible point receives uninterrupted basic air service;

(2) assure that each new eligible point receives air service of such type and quality as may be specified by a State or local government which has agreed to pay 50 per centum of the compensation paid to an air carrier to provide such service; and

(3) provide for enhanced air service at each eligible point whenever a State or local government or any other person has agreed to pay 50 per centum of the additional compensation paid to an air carrier to provide such enhanced air service.

(d) In selecting an air carrier to provide air service under this section, the Secretary shall give particular weight to such carrier's demonstrated reliability in providing scheduled air service and to such carrier's contractual arrangements with other air carriers to assure service beyond the hub airport in accordance with subsection (b)(2)(B) of this section. The Secretary shall pay compensation to air carriers providing air service from the hub airport to points beyond the hub airport where the Secretary determines that such compensation is necessary to assure such service. The Secretary shall also encourage the submission of joint proposals by two or more air carriers which reflect arrangements to maximize service for eligible points to and from major cities beyond the hub airport of such carriers.

(e) Arrangements for basic air service made under this section shall, to the extent otherwise consistent with this section, reflect the preferences of the actual and potential users of airline service at the eligible point. In determining such preferences, the Secretary shall give substantial weight to the views of elected officials representing such users. Any arrangement providing for enhanced air service shall include such provisions for enhancements as are prescribed by the governmental entity or other person which has agreed to pay the non-Federal share of compensation and are otherwise lawful. The Secretary may require appropriate payment in advance or such other security to assure that the non-Federal share of compensation for air service under this section is made in a timely manner.

(f) An air carrier may not terminate, suspend, or reduce air transportation to any eligible point below the level of basic air service established for such point under this section unless such air carrier has given the Secretary, the appropriate State agency or agencies, and the communities affected at least 90 days notice prior to such termination, suspension, or reduction.



(g) If an air carrier has provided notice to the Secretary under subsection (f) of such air carrier's intention to suspend, terminate, or reduce service to any eligible point below the level of basic air service to such point, and if at the conclusion of the applicable period of notice the Secretary, despite diligent efforts, has not been able to find another air carrier to provide basic air service to such point, the Secretary shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide basic air service to such point, whichever first occurs. If at the end of such 30-day period the Secretary determines that no other air carrier can be secured to provide basic air service to such eligible point on a continuing basis, either with or without compensation, then the Secretary shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide basic air service to such eligible point on a continuing basis.

(h) If an air carrier is required to continue to provide service under subsection (g) of this section after the end of the required notice period, such air carrier shall be paid compensation by the Secretary for service beyond such period in an amount which is sufficient to cover its fully allocated actual costs plus return on used and useful investment (at market value) attributable to the service and the reasonably demonstrable cost of opportunities foregone as a result of being obliged to provide such extended service.

(i) The Secretary may incur obligations for the purpose of carrying out the provisions of this section from appropriations made for such purpose.

(j) In carrying out the provisions of this section, the Secretary shall invite the participation and comments of affected State and local governments to the maximum extent practicable. Arrangements made under this section shall be made by and in the name of the Secretary.

(k) Section 419(g) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389(g)) is amended to read as follows:

"(g) DURATION OF PROGRAM.—This section shall cease to be in effect after October 1, 1988."

(l) There is authorized to be appropriated, for fiscal year 1988, and each of the next following nine fiscal years, such sums as may be necessary for carrying out the provisions of this section.

(m) This section shall take effect on October 1, 1988, and shall remain in effect for the 120-month period following the date of its enactment.

SEC. 128. Section 507(a)(2)(B) of the Act is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, the Secretary of Transportation shall make available grants for minimum facility and safety improvements to public airports (other than commercial service airports) described in section 508(d)(3)(C)."

SEC. 129. (a) The Administrator of the Federal Aviation Administration shall conduct a study of noise abatement proposals under consideration by airport operators and local governments for the purpose of identifying those proposals which, under existing law or administrative policy, are not currently eligible for Federal assistance and determining whether or not such proposals should be made eligible for Federal assistance.

(b) Not later than the 180th day following the date of the enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to Congress a report on the results of the study conducted under subsection (a) together with recommendations concerning modifications in existing law and administrative policy for making additional noise abatement proposals eligible for Federal assistance.

SEC. 130. In the administration of the Airport and Airway Improvement Act of 1982, and any rule or regulation issued or promulgated pursuant thereto, the Sierra Blanca Regional Airport, Ruidoso, New Mexico, for purposes of determining the eligibility of such airport for Federal assistance under such Act for airport development, namely fire protection, shall be considered to have scheduled commuter service with at least a 30 passenger aircraft.

SEC. 131. In the administration of the provisions of the Airport and Airway Improvement Act of 1982, the municipal airport of the City of Dermott, Arkansas, shall not be denied eligibility for assistance under such Act on the basis that such airport is located on leased land, if such lease is for a period of at least 99 years, and if the land so leased consists of at least 25 acres.

SEC. 132. (a) Section 206 of the National Driver Register Act of 1982 (23 U.S.C. 401 note) is amended as follows:

(1) In subsection (a), paragraph (1) is amended by substituting the word "transportation" for "highway".

(2) In subsection (b), insert the following new paragraph immediately after paragraph (2), and renumber paragraphs (3) and (4) as paragraphs (4) and (5), respectively:

"(3) Any individual who has applied for or received an airman's certificate may request the chief driver licensing official of a State to transmit information regarding the individual under subsection (a) of this section to the Administrator of the Federal Aviation Administration. The Administrator of the Federal Aviation Administration may receive such information, and shall make that information available to the individual for review and written comment. The Administrator shall not divulge or use such information except to verify information required to be reported to the Administrator by airmen applying for an airman medical certificate and to evaluate whether the airman meets the minimum medical standards as prescribed by the Administrator to be issued an airman medical certificate. There shall be no access to information in the Register under this paragraph if such information was entered in the Register more than three years before the date of such request, unless such information relates to revocations or suspensions which are still in effect on the date of the request. Information submitted to the Register by States under the Act of July 14, 1960 (74 Stat. 526), or under this Act shall be subject to access for the purpose of this paragraph during the transition to the Register established under section 203(a) of this Act."

(b) Section 206(b) of the National Driver Register Act of 1982 (23 U.S.C. 401 note) is amended by adding the following sentence at the end of paragraphs (b)(1), (b)(2), and (b)(4), respectively: "Information submitted to the Register by States under the Act of July 14, 1960 (74 Stat. 526), and under this Act shall be subject to access for the purpose of this paragraph during the transition to the Register established under section 203(a) of this Act."

SEC. 133. (a) The Secretary of Transportation shall initiate a supplementary rulemaking to require the installation and use of cockpit voice recorders and flight data recorders on commuter aircraft and other aircraft, commensurate with the recommenda-

tions of the National Transportation Safety Board.

(b) The Secretary of Transportation shall issue a notice of proposed rulemaking no later than 30 days after the date of the enactment of this Act.

SEC. 134. (a) This section may be cited as the "Federal Aviation Act of 1958 Amendments Act".

(b) Section 901(a)(1)(A) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)(A)) is amended by inserting "1101," immediately after the word "section" where it first appears.

(c) Section 901(a)(2) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(2)) is amended by inserting the phrase ", or of section 1101, 1114, or 1115(e)(2)(B)" immediately after "XII".

(d) Section 901(a)(1) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)) is amended by inserting the following words immediately after "violation," where it first appears: "except that a person who operates aircraft for the carriage of persons or property for compensation or hire, other than an airman serving in the capacity of an airman, shall be subject to a civil penalty not to exceed \$10,000 for each violation of title III, VI, or XII of this Act, or any rule, regulation, or order issued thereunder, and".

(e) The Federal Aviation Act of 1958 is further amended by adding immediately after section 901 a new section 901A to read as follows:

#### "CIVIL PENALTY ASSESSMENT DEMONSTRATION PROGRAM"

##### "Civil Penalty"

"SEC. 901A. (a) The Administrator, or his delegate, may assess a civil penalty for a violation arising under this Act or a rule, regulation, or order issued thereunder, upon written notice upon finding of violation by the Administrator, after notice and opportunity for a hearing.

##### "No Reexamination of Liability or Amount"

"(b) In the case of a civil penalty, assessed by the Administrator in accordance with this provision, the issue of liability or amount of civil penalty shall not be reexamined in any subsequent suit for collection of such civil penalty.

##### "United States District Courts"

"(c) Notwithstanding subsection (a) of this section, the United States district courts shall have exclusive jurisdiction of any civil penalty action initiated by the Administrator: (1) which involves an amount in controversy in excess of \$100,000; (2) which is an in rem action or in which an in rem action based on the same violation has been brought; (3) regarding which an aircraft subject to lien has been seized by the United States; and (4) in which a suit for injunctive relief based on the violation giving rise to the civil penalty has also been brought.

##### "Termination"

"(d) The provisions of this section shall be in effect for 2 years following the date of enactment of this section, and shall apply to a civil penalty initiated by the Administrator on or after the date of enactment of this section, but shall not apply to a case in which the Administrator seeks a civil penalty in an amount in excess of \$100,000 from a violator."

(f) The Administrator of the Federal Aviation Administration shall report to the Congress 18 months after the date of enactment of this section. The report shall include: (1) the Administrator's views concerning the effectiveness of civil penalty levels enacted in this Act, and whether additional changes are necessary to provide an adequate safety deterrence; and (2) the Administrator's recom-



mendation as to the effectiveness of the civil penalty assessment demonstration program authorized by section 4 of this Act and whether it should be continued.

(g) Section 902 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1472) is amended by—

(1) inserting immediately after "inclusive," in subsection (o), the words "and subsection (r)"; and

(2) adding a new subsection (r) to read as follows:

**"Secured Areas on Airports"**

"(r)(1) It shall be unlawful for any person to knowingly and willfully enter an aircraft or an airport area that serves air carriers or foreign air carriers contrary to security requirements established pursuant to sections 315 or 316 of this Act. Upon conviction thereof, such person shall be subject to imprisonment for a term not to exceed 1 year or a fine not to exceed \$1,000, or both.

"(2) If any person violates paragraph (1) of this subsection with the intent to commit in the aircraft or secured area an act punishable as a felony under Federal or State law, such person shall be subject to imprisonment for a term not to exceed 10 years or a fine not to exceed \$10,000, or both."

(h) Section 313 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1354) is amended by adding at the end thereof the following new subsection:

**"Indemnification"**

"(e) The Administrator is empowered to indemnify any officer or employee of the Federal Aviation Administration against any claim or judgment against such person, provided that such claim or judgment arises out of an act or acts committed, as determined by the Administrator, within the scope of such person's official duties. The Administrator may issue such regulations as may be necessary to implement this subsection."

(i)(1) Section 101(36) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1301(36)) is amended by adding the following sentence at the end thereof: "For purposes of this definition, 'used exclusively in the service of' means, for other than the Federal Government, an aircraft which is owned and operated by a governmental entity for other than commercial purposes or which is exclusively leased by such governmental entity for not less than 90 continuous days."

(2) Section 304(a)(6) of the Independent Safety Board Act of 1974 (49 U.S.C. App. 1903(a)(6)) is amended to read as follows:

"(6) establish by regulation requirements binding on persons reporting (A) accidents and aviation incidents subject to the Board's investigatory jurisdiction under this subsection, and (B) accidents and aviation incidents involving public aircraft other than aircraft of the Armed Forces and the Intelligence Agencies, and the Board shall report to the Congress within the 18-month period following the date of the enactment of the Federal Aviation Act of 1958 Amendments Act, its findings on public aircraft accidents and incidents."

SEC. 135. The Airport and Airway Improvement Act of 1982 (title V of Public Law 97-248, 96 Stat. 677), as amended, is amended by adding at the end thereof the following new section:

**"SEC. 530. ATLANTIC CITY AIRPORT."**

"(a) LIMITATION ON FUNDING OR TRANSFER OF PROPERTY.—Notwithstanding any other provision of law, with regard to the Atlantic City Airport, at Pomona, New Jersey, the Federal Aviation Administration shall not convey any interest in property (pursuant to section 516 of this title) to any municipality or any other entity operating such airport,

nor shall any funds authorized by this Act be available to such municipality or entity for any planning, study, design, engineering, or construction of a runway extension, new runway, new passenger terminal, or improvements to or expansion of the existing passenger terminal at such airport, until such time as:

"(1) the Master Plan Update for Atlantic City Airport and Bader Field, prepared pursuant to Federal Aviation Administration Contract FA-EA-2656, is completed and released; and

"(2) the Administrator of the Federal Aviation Administration finds that a public entity has been created to operate and manage the Atlantic City Airport, which entity has the following characteristics:

"(A) the authority to enter into contracts and other agreements, including contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States;

"(B) the standing to sue and be sued in its own name;

"(C) the authority to hire and dismiss officers and employees;

"(D) the power to adopt, amend and repeal bylaws, rules, regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised;

"(E) the authority to acquire, in its own name, an interest in such real or personal property as is necessary or appropriate for the operation and maintenance of the airport;

"(F) the power to acquire property by the exercise of the right of eminent domain;

"(G) the power to borrow money by issuing marketable obligations, or such other means as is permissible for public authorities under the laws of the State of New Jersey;

"(H) adequate financial resources to carry out all activities which are ordinarily necessary and appropriate to operate and maintain an airport;

"(I) a governing board which includes (but need not be limited to) voting representatives of the city of Atlantic City, the county of Atlantic, and the municipalities which are adjacent to or are directly impacted by the airport;

"(J) a charter which includes (i) a requirement that members of the governing board have expertise in transportation, finance, law, public administration, aviation, or such other qualifications as would be appropriate to oversee the management, planning and operation of an airport; and (ii) procedures which protect the research and development mission of the Federal Aviation Technical Center at Pomona, New Jersey, and the defense functions of the Air National Guard; and

"(K) the authority to carry out comprehensive transportation planning to minimize traffic congestion and facilitate access to and from the airport.

"(b) SAFETY FUNDS NOT SUBJECT TO LIMITATION.—The limitation on funds set forth in subsection (a) shall not apply to any expenditure which the Administrator of the Federal Aviation Administration determines is needed for safety purposes.

"(c) EFFECTIVE DATE.—The restriction set forth in subsection (a) shall be applicable only to funds which are authorized for the fiscal year beginning October 1, 1987. Notwithstanding any other provision of law, the funds restricted under subsection (a) shall become available at such time as the conditions set forth in subsection (a) are satisfied."

SEC. 136. Not later than 120 days after the date of enactment of this Act, the Secretary of Transportation shall promulgate regula-

tions to establish criteria for the installation of airport control towers and other navigational aids. In setting criteria under such regulations relating to the number of air carrier operations, the Secretary shall count operations of aircraft providing regularly scheduled commercial passenger service with fewer than sixty-one seats as equivalent to operations carried out by aircraft with sixty-one or more seats.

SEC. 137. Section 503(a)(9) of the Act (49 App. U.S.C. 2202(a)(9)) is amended by adding at the end thereof the following: "For purposes of this definition, the term 'passengers enplaned' also includes passengers on board international flights which transit an airport for nontraffic purposes."

SEC. 138. (a) The Secretary of Transportation shall ensure greater safety to air passengers by issuing, within 120 days following the date of enactment of this Act, regulations requiring adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which the Secretary of Transportation determines a part of which flight will occur over water and adequate information and instructions as to the use of such preservers, rafts, and flotation devices.

(b) The Secretary of Transportation shall begin within 120 days following the date of enactment of this Act, and shall complete not later than 425 days following the date of enactment of this Act, a rulemaking—

(1) establishing regulations requiring all seats on board all air carrier aircraft to meet improved crashworthiness standards based upon the best available testing standards for crashworthiness;

(2) establishing regulations requiring air carrier interior cabins to meet improved flammability standards; and

(3) establishing regulations pertaining to aircraft design and equipment, including fuel tanks, to minimize the incidence of fire or explosion, such regulations to include, but not be limited to, considering crash resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system.

(c) The Secretary of Transportation shall report to Congress, within 90 days following the date of enactment of this Act, on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carrier maintenance and safety-related procedures.

**TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986**

**SEC. 201. SHORT TITLE: AMENDMENT OF 1986 CODE.**

(a) SHORT TITLE.—This title may be cited as the "Airport and Airway Revenue Act of 1987".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

**SEC. 202. 4-YEAR EXTENSION OF TAXES ON TRANSPORTATION BY AIR; REDUCTION OF TAXES IN 1991 IF FUNDS REMAIN UNOBLIGATED.**

(a) TAX ON TRANSPORTATION OF PERSONS BY AIR.—Section 4261(f) (relating to termination of tax on transportation by air) is amended to read as follows:

"(f) TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the taxes imposed by this section shall apply with respect to transportation beginning after August 31, 1982, and before January 1, 1992.



"(2) REDUCTION OF RATE IN 1991.—In the case of transportation beginning in 1991, if the unobligated balance in the Airport and Airway Trust Fund as of September 30, 1990 (as determined by the Secretary) exceeds \$3,000,000,000, then—

"(A) subsections (a) and (b) shall each be applied by substituting '4 percent' for '8 percent', and

"(B) subsection (c) shall be applied by substituting '\$1.50' for '\$3'.

"(3) TREATMENT OF OBLIGATIONS.—For purposes of determining the unobligated balance of the Airport and Airway Trust Fund under paragraph (2)—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an amount shall be treated as obligated when it is appropriated.

"(B) AMOUNTS OBLIGATED UNDER SECTION 505 OF AIRWAY IMPROVEMENT ACT.—An amount shall be treated as obligated under section 505 of the Airport and Airway Improvement Act of 1982 when such amount is authorized.

"(b) TAX ON FUELS USED IN NONCOMMERCIAL AVIATION.—

"(1) IN GENERAL.—Section 4041(c)(5) (relating to termination) is amended to read as follows:

"(5) TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the taxes imposed by paragraphs (1) and (2) shall apply during the period beginning on September 1, 1982, and ending on December 31, 1991.

"(B) REDUCTION OF RATE IN 1991.—In the case of any sale or use during 1991, if paragraph (2) of section 4261(f) applies during 1991, then—

"(i) paragraph (1) shall be applied by substituting '7 cents' for '14 cents', and

"(ii) no tax shall be imposed under paragraph (2)."

"(2) REFUND OF FUEL TAXES ON NONCOMMERCIAL AVIATION.—

"(A) IN GENERAL.—Section 6427 (relating to fuels not used for taxable purposes) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) GASOLINE USED IN NONCOMMERCIAL AVIATION DURING 1991.—Except as provided in subsection (k), if section 4041(c)(5)(B) applies during 1991 and—

"(1) any tax is imposed by section 4041(c)(2) or 4081 on any gasoline sold during 1991, and

"(2) such gasoline is used as a fuel in any aircraft in noncommercial aviation (as defined in section 4041(c)(4)),

the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the excess (if any) of the aggregate amount of tax paid under sections 4041(c)(2) and 4081 on the gasoline so used over an amount equal to 6 cents multiplied by the number of gallons of gasoline so used."

"(B) TECHNICAL AMENDMENTS.—

"(i) Paragraph (1) of section 6427(i) is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (p)".

"(ii) Clause (i) of section 6427(i)(2)(A) is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (p)".

"(c) TAX ON TRANSPORTATION OF PROPERTY BY AIR.—Section 4271(d) (relating to termination) is amended to read as follows:

"(f) TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the taxes imposed by this section shall apply with respect to transportation beginning after August 31, 1982, and before January 1, 1992.

"(2) REDUCTION IN RATE IN 1991.—In the case of transportation beginning in 1991, if para-

graph (2) of section 4261(f) applies during 1991, then subsection (a) shall be applied by substituting '2.5 percent' for '5 percent'."

"(d) EXPENDITURES FROM TRUST FUND.—

"(1) IN GENERAL.—Section 9502(b) (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes) is amended by striking out "January 1, 1988" each place it appears and inserting in lieu thereof "January 1, 1992".

"(2) EXPENDITURES FROM TRUST FUND.—The material preceding subparagraph (A) of paragraph (1) of section 9502(d) (relating to expenditures from Airport and Airway Trust Fund) is amended by striking out "October 1, 1987" and inserting in lieu thereof "October 1, 1990".

"(3) TRUST FUND PURPOSES.—Subparagraph (A) of section 9502(d)(1) is amended by inserting before the semicolon "or under the Airport and Airway Capacity Expansion Act of 1987 (as such Act was in effect on the date of the enactment thereof)".

SEC. 203. EXEMPTION OF CERTAIN HELICOPTERS FROM TAX ON TRANSPORTATION OF PERSONS BY AIR.

"(a) EXEMPTION.—Subsection (e) of section 4261 (relating to exemption for certain helicopter uses) is amended by striking out "or" at the end of paragraph (1), by inserting "or" at the end of paragraph (2), and by adding after paragraph (2) the following new paragraph:

"(3) any other use if tax is imposed under section 4041(c) or 4081 on fuel used in connection with such use."

"(b) IMPOSITION OF TAX ON FUELS USED BY HELICOPTERS EXEMPT FROM TAX ON TRANSPORTATION OF PERSONS.—Paragraph (4) of section 4041(c) (defining noncommercial aviation) is amended by adding at the end thereof the following new sentence: "Except as provided in subsection (1), the term 'noncommercial aviation' shall include the use of any helicopter which does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970 or otherwise uses services provided pursuant to the Airport and Airway Improvement Act of 1982."

"(c) TECHNICAL AMENDMENTS.—Sections 4261(e) and 4041(l) are each amended by striking out "System Improvement Act" and inserting in lieu thereof "Improvement Act".

"(d) EFFECTIVE DATE.—

"(1) EXEMPTION.—The amendments made by subsection (a) shall apply to transportation beginning after September 30, 1988, but shall not apply to any amount paid on or before such date.

"(2) FUELS TAX.—The amendment made by subsection (b) shall apply to sales or uses after September 30, 1988.

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

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

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, I move that the Senate insist on its amendments and request a conference with the House on the disagreeing votes of the two Houses and that the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kentucky.

The motion was agreed to.

Mr. FORD. Mr. President, I ask unanimous consent to indefinitely postpone S. 1184.

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

Mr. FORD. Mr. President, this has been roughly almost 9 months in the making, a little better than 8 months, in putting this bill together and taking it to the point where it is today.

Many people are entitled to a thank you, a pat on the back, whatever, for their hard work and continual help throughout the weeks and months that we have been developing this airport improvement reauthorization language.

I want to compliment the committee. Senator KASSEBAUM has just been great. Senator HOLLINGS has given us his full cooperation and help.

Mr. President, we could not do these things without the help of our staff. I personally thank Martha Moloney on my staff; Steve Palmer, Ralph Everett, Patty Hahn of the committee; and Senator KASSEBAUM's able assistant, Guy Clough.

So, Mr. President, I am appreciative of the fine vote and hope we can appoint the conferees early and that we can have a conference soon and bring back a piece of legislation that will be in the best interest of all of us.

I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BYRD. Mr. President, I add my accolades to those that have been expressed by the distinguished Senator from Kentucky. The Senator from Kentucky, the manager of the bill, and the ranking manager, Senator KASSEBAUM, have demonstrated fine teamwork and skilled craftsmanship and ability in bringing the bill to the floor and managing it in a way that it has been managed and brought to a successful close at this reasonably early hour in the day.

I compliment them, and I also compliment the chairman of the committee, Mr. HOLLINGS, and the ranking member on the studiousness with which they have proceeded on legislation generally in that committee and the hearings that have been conducted.

May I say to the Senator from Kentucky and the Senator from Kansas that the Senate is in their debt.

#### ORDER PROCEDURE

Mr. President, it is not the intention of the leadership to go any later than 6 o'clock, 6:30, or somewhere in that general area, today.

I have been discussing with the able Republican leader and the equally able assistant Republican leader consent to go to Calendar Order No. 283, S. 1485, which is the airline, I guess we call it, consumer bill. In any event, Mr. METZENBAUM had an amendment to the bill that has just been passed which he was going to call up and he was assured that if he would not call up that amendment to that bill, I would do everything I possibly could to take up Calendar Order No. 283 at some point this week.

So with that in mind, I ask the distinguished acting Republican leader



that I could get consent at any time to go to that bill after consultation with the Republican leader or his designee, with the understanding that this afternoon and at this point, I would proceed to take up the transportation appropriation bill.

Mr. SIMPSON. Mr. President, first I express my appreciation to Senator FORD and Senator KASSEBAUM for their work on the airports bill, a very important measure to all of us in the United States, and I think that was done with great skill and swiftness. I contratulate them.

To the majority leader I say that I believe we are ready on this side of the aisle to give the necessary consent to deal with the measure which is S. 1485 after consultation with the minority leader or his designee as to a time certain when that will be dealt with and thus allow the majority leader to go forward with the Department of Transportation appropriation bill at this time. And that I believe can be accomplished.

Mr. BYRD. Mr. President, I thank the distinguished Senator from Wyoming and I make that unanimous consent request that the majority leader be permitted to proceed at any time to the consideration of Calendar Order No. 283, S. 1485, after consultation with the Republican leader or his designee and with the understanding that it will not be this afternoon but the Senate instead will proceed to the consideration of the transportation appropriation bill.

Mr. SIMPSON. Mr. President, might I inquire of the majority leader whether that would also mean that perhaps it might come up next week or it might be this week. In other words, we are not quite certain but after consultation it could be at either time, I understand.

Mr. BYRD. It could very well be. It would be my plan and my hope to be able to bring it up this week following the action on the transportation appropriation bill or at some point this week.

Mr. SIMPSON. Yes.

I thank the majority leader, Mr. President.

The PRESIDING OFFICER. Hearing no objection, the unanimous consent request is agreed to.

Mr. BYRD. Mr. President, I thank the distinguished assistant Republican leader.

#### DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, FISCAL YEAR 1988

Mr. BYRD. Mr. President, I ask the Chair to lay before the Senate transportation appropriation bill H.R. 2890.

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A bill (H.R. 2890) making appropriations for the Department of Transportation and

related agencies for the fiscal year ending September 30, 1988, and for other purposes.

There being no objection, the Senate proceeded to the consideration of the bill, which had been reported from the Committee on Appropriations, with amendments, as follows:

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

H.R. 2890

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Transportation and related agencies for the fiscal year ending September 30, 1988, and for other purposes, namely:

#### TITLE I—DEPARTMENT OF TRANSPORTATION OFFICE OF THE SECRETARY SALARIES AND EXPENSES [(Including transfer of funds)]

For necessary expenses of the Office of the Secretary of Transportation, including not to exceed \$30,000 for allocation within the Department of official reception and representation expenses as the Secretary may determine: **[\$1,100,000]** *\$1,094,000* for the Immediate Office of the Secretary; **[\$570,000]** *\$470,000* for the Immediate Office of the Deputy Secretary; **[\$6,100,000]** *\$6,076,000* for the Office of the General Counsel; **[\$8,000,000]** *\$7,971,000* for the Office of the Assistant Secretary for Policy and International Affairs; **[\$2,300,000]** *\$2,291,000* for the Office of the Assistant Secretary for Budget and Programs; **[\$2,475,000]** *\$2,466,000* for the Office of the Assistant Secretary for Governmental Affairs; **[\$23,020,000]** *[\$23,275,000]* of which \$16,000,000 shall be derived from unobligated balances of "Payments to air carriers," for the Office of the Assistant Secretary for Administration; **[\$1,525,000]** *\$1,520,000* for the Office of the Assistant Secretary for Public Affairs; **[\$835,000]** *\$831,000* for the Executive Secretariat; **[\$450,000]** *\$448,000* for the Contract Appeals Board; **[\$1,300,000]** *\$1,296,000* for the Office of Civil Rights; **[\$400,000]** *\$508,000* for the Office of Commercial Space Transportation; **[\$2,000,000]** *\$1,771,000* for the Office of Essential Air Service; **[\$670,000]** *\$669,000* for Regional Representatives; and **[\$3,850,000]** *\$3,169,000* for the Office of Small and Disadvantaged Business Utilization, of which **[\$3,000,000]** *\$2,322,000* shall remain available until expended and shall be available for the purposes of the Minority Business Resource Center as authorized by 49 U.S.C. 332: *Provided*, That, notwithstanding any other provision of law, funds available for the purposes of the Minority Business Resource Center in this or any other Act may be used for business opportunities related to any mode of transportation: *Provided further*, That 5 per centum of each sum provided under this head shall not be available for obligation until on or after the date that final rules are issued by the Department of Transportation that: (1) expand existing requirements for installation and carriage of cockpit voice recorders and flight data recorders to smaller sizes of commuter air carrier aircraft and to require cockpit voice recorder and flight data recorder retrofits on certain types of existing commuter air carrier aircraft to be determined by the Federal Aviation Administration; and (2) require installation and carriage of operating altitude-

encoding radar transponders for all aircraft operating in terminal airspace where air traffic control service is provided and in all controlled airspace above a minimum altitude to be determined by the Federal Aviation Administration].

#### TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

##### (TRANSFER OF FUNDS)

For necessary expenses for conducting transportation planning, research, and development activities, including the collection of national transportation statistics, and university research and internships, to remain available until expended, **[\$5,000,000]** *\$4,900,000*, to be derived from "Payments to air carriers".

#### WORKING CAPITAL FUND

Necessary expenses for operating costs and capital outlays of the Department of Transportation Working Capital Fund not to exceed **[\$135,000,000]** *\$134,527,000* shall be paid, in accordance with law, from appropriations made available by this Act and prior appropriation Acts to the Department of Transportation, together with advances and reimbursements received by the Department of Transportation; for necessary expenses associated with the development of the Department-wide Accounting and Information System, **[\$1,785,000]** *\$1,685,000*, to remain available until expended; and for the Department of Transportation office space reduction initiative, **\$215,000**.

#### PAYMENTS TO AIR CARRIERS

For payments to air carriers of so much of the compensation fixed and determined under section 419 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1389), as is payable by the Department of Transportation, **[\$38,000,000]** *\$32,000,000*, to remain available until expended.

#### COAST GUARD

##### OPERATING EXPENSES

For necessary expenses for the operation and maintenance of the Coast Guard, not otherwise provided for; purchase of not to exceed eight passenger motor vehicles for replacement only; and recreation and welfare, **[\$1,879,400,000]** *\$1,952,731,000*, of which **[\$30,000,000]** *\$15,000,000* shall be expended from the Boat Safety Account: *Provided*, That, of the funds available under this head, not less than \$447,000,000 shall be available for drug enforcement activities: *Provided further*, That the number of aircraft on hand at any one time shall not exceed two hundred and fourteen, exclusive of planes and parts stored to meet future attrition: *Provided further*, That none of the funds appropriated in this or any other Act shall be available for pay or administrative expenses in connection with shipping commissioners in the United States; *Provided further*, That none of the funds provided in this Act shall be available for expenses incurred for yacht documentation under 46 U.S.C. 12109 except to the extent fees are collected from yacht owners and credited to this appropriation.

#### ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

For necessary expenses of acquisition, construction, rebuilding, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto, to remain available until September 30, 1992, **[\$260,000,000]** *\$270,600,000*: *Provided*, That the Secretary of Transportation shall issue regulations requiring that written warranties shall be included in all contracts with prime contractors for major systems acquisitions of the Coast Guard: *Provided further*, That any



such written warranty shall not apply in the case of any system or component thereof that has been furnished by the Government to a contractor: *Provided further*, That the Secretary of Transportation may provide for a waiver of the requirements for a warranty where: (1) the waiver is necessary in the interest of the national defense or the warranty would not be cost effective; and (2) the Committees on Appropriations of the Senate and the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Merchant Marine and Fisheries of the House of Representatives are notified in writing of the Secretary's intention to waive and reasons for waiving such requirements: *Provided further*, That the requirements for such written warranties shall not cover combat damage.

#### ALTERATION OF BRIDGES

For necessary expenses for alteration or removal of obstructive bridges, **[\$1,000,000]** \$990,000, to remain available until expended.

#### RETIRED PAY

For retired pay, including the payment of obligations therefor otherwise chargeable to lapsed appropriations for this purpose, and payments under the Retired Serviceman's Family Protection and Survivor Benefits Plans, and for payments for medical care of retired personnel and their dependents under the Dependents Medical Care Act (10 U.S.C., ch. 55), **[\$386,700,000]**.

#### RESERVE TRAINING

For all necessary expenses for the Coast Guard Reserve, as authorized by law; maintenance and operation of facilities; and supplies, equipment, and services, **[\$66,300,000]** \$65,500,000.

#### RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

For necessary expenses, not otherwise provided for, for basic and applied scientific research, development, test, and evaluation; maintenance, rehabilitation, lease and operation of facilities and equipment, as authorized by law, **[\$20,000,000]** \$19,700,000, to remain available until expended: *Provided*, That there may be credited to this appropriation funds received from State and local governments, other public authorities, private sources and foreign countries, for expenses incurred for research, development, testing, and evaluation.

#### OFFSHORE OIL POLLUTION COMPENSATION FUND

The Secretary of Transportation is authorized to issue to the Secretary of the Treasury notes or other obligations in such amounts and at such times as may be necessary to the extent that appropriations are not adequate to meet the obligations of the Fund: *Provided*, That none of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$60,000,000 in fiscal year 1988 for the "Offshore Oil Pollution Compensation Fund".

#### DEEPWATER PORT LIABILITY FUND

The Secretary of Transportation is authorized to issue, and the Secretary of the Treasury is authorized to purchase, without fiscal year limitation, notes or other obligations in such amounts and at such times as may be necessary to the extent that available appropriations are not adequate to meet the obligations of the Fund: *Provided*, That none of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$50,000,000 in fiscal year 1988 for the "Deepwater Port Liability Fund".

#### BOAT SAFETY

##### (LIQUIDATION OF CONTRACT AUTHORIZATION)

For payment of obligations incurred for recreational boating safety assistance under Public Law 92-75, as amended, **[\$15,000,000]** \$30,000,000, to be derived from the Boat Safety Account and to remain available until expended: *Provided*, That none of the funds in this Act shall be available for the planning or execution of programs the obligations for which are in excess of **[\$15,000,000]** \$30,000,000 in fiscal year 1988 for recreational boating safety assistance.

#### FEDERAL AVIATION ADMINISTRATION

##### HEADQUARTERS ADMINISTRATION

For necessary expenses, not otherwise provided for, of providing administrative services at the headquarters location of the Federal Aviation Administration, including but not limited to accounting, budgeting, legal, public affairs, and executive direction services for the Federal Aviation Administration, **[\$37,500,000]** \$37,000,000.

##### OPERATIONS

##### (INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Federal Aviation Administration, not otherwise provided for, including administrative expenses for research and development, and for establishment of air navigation facilities, and carrying out the provisions of the Airport and Airway Development Act, as amended, or other provisions of law authorizing obligation of funds for similar programs of airport and airway development or improvement, purchase of four passenger motor vehicles for replacement only, **[\$3,257,550,000]** \$3,236,602,000, of which not to exceed **[\$786,250,000]** \$851,500,000 shall be derived from the Airport and Airway Trust Fund: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred in the maintenance and operation of air navigation facilities: *Provided further*, That none of these funds shall be available for new applicants for the second career training program or for a pilot test of contractor maintenance: *Provided further*, That the immediately preceding proviso shall not prohibit the augmentation of the existing field maintenance work force if it is determined to be essential for the safe operation of the air traffic control system: *Provided further*, That section 5532(f)(2) of title V, United States Code, is amended by striking "December 31, 1987" and inserting "December 31, 1988" in lieu thereof: *Provided further*, That section 8344(h) of title V, United States Code, is amended by striking "April 1, 1986" in paragraph (2) and inserting "December 31, 1986" in lieu thereof: *Provided further*, That in the event that the Federal Aviation Administrator employs annuitants subject to section 8344(h) of title V, United States Code, not to exceed \$10,000,000, to be derived from the unobligated balance of any appropriation available for obligation by the Federal Aviation Administration as of the effective date of this Act, shall be available through December 31, 1988, for the purpose of funding such employment: *Provided further*, That any such funding shall be reported to the Committees on Appropriations of the Senate and the House of Representatives.

##### FACILITIES AND EQUIPMENT

##### (AIRPORT AND AIRWAY TRUST FUND)

For necessary expenses, not otherwise provided for, for acquisition, establishment, and improvement by contract or purchase,

and hire of air navigation and experimental facilities, including initial acquisition of necessary sites by lease or grant; engineering and service testing including construction of test facilities and acquisition of necessary sites by lease or grant; construction and furnishing of quarters and related accommodations of officers and employees of the Federal Aviation Administration stationed at remote localities where such accommodations are not available; and the lease or purchase of one aircraft; to be derived from the Airport and Airway Trust Fund and to remain available until September 30, 1992, **[\$1,170,000,000]** \$1,258,000,000: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred in the establishment and modernization of air navigation facilities: *Provided further*, That of the funds available under this head, **[\$4,000,000]** \$8,000,000 shall be available for the Secretary of Transportation to enter into grant agreements with universities or colleges having an airway science curriculum recognized by the Federal Aviation Administration, to conduct demonstration projects in the development, advancement, or expansion of airway science curriculum programs, and such funds, which shall remain available until expended, shall be made available under such terms and conditions as the Secretary of Transportation may prescribe, to such universities or colleges for the purchase or lease of buildings and associated facilities, instructional materials, or equipment to be used in conjunction with airway science curriculum programs.

##### RESEARCH, ENGINEERING, AND DEVELOPMENT (AIRPORT AND AIRWAY TRUST FUND)

For necessary expenses, not otherwise provided for, for research, engineering, and development, in accordance with the provisions of the Federal Aviation Act (49 U.S.C. 1301-1542), including construction of experimental facilities and acquisition of necessary sites by lease or grant, **[\$161,500,000]** \$165,000,000, to be derived from the Airport and Airway Trust Fund and to remain available until expended: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred for research, engineering, and development.

##### GRANTS-IN-AID FOR AIRPORTS

##### (LIQUIDATION OF CONTRACT AUTHORIZATION) (AIRPORT AND AIRWAY TRUST FUND)

For liquidation of obligations incurred for airport planning and development under section 14 of Public Law 91-258, as amended, and under other law authorizing such obligations, and obligations for noise compatibility planning and programs, **[\$1,030,000,000]** \$1,063,000,000, to be derived from the Airport and Airway Trust Fund and to remain available until expended: *Provided*, That none of the funds in this Act shall be available for the planning or execution of programs the commitments for which are in excess of **[\$1,720,000,000]** \$1,335,500,000 in fiscal year 1988 for grants-in-aid for airport planning and development, and noise compatibility planning and programs, notwithstanding section 506(e)(4) of the Airport and Airway Improvement Act of 1982.

##### AVIATION INSURANCE REVOLVING FUND

The Secretary of Transportation is hereby authorized to make such expenditures and investments, within the limits of funds available pursuant to section 1306 of the Act of August 23, 1958, as amended (49 U.S.C.



1536), and in accordance with section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 9104), as may be necessary in carrying out the program set forth in the budget for the current fiscal year for aviation insurance activities under said Act.

#### AIRCRAFT PURCHASE LOAN GUARANTEE PROGRAM

The Secretary of Transportation may hereafter issue notes or other obligations to the Secretary of the Treasury, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as the Secretary of the Treasury may prescribe. Such obligations may be issued to pay any necessary expenses required pursuant to any guarantee issued under the Act of September 7, 1957, Public Law 85-307, as amended (49 U.S.C. 1324 note). None of the funds in this Act shall be available for the implementation or execution of programs under this head, the obligations for which are in excess of \$60,000,000 during fiscal year 1988. Such obligations shall be redeemed by the Secretary from appropriations authorized by this section. The Secretary of the Treasury shall purchase any such obligations, and for such purpose he may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force. The purposes for which securities may be issued under such Act are extended to include any purchase of notes or other obligations issued under the subsection. The Secretary of the Treasury may sell any such obligations at such times and price and upon such terms and conditions as he shall determine in his discretion. All purchases, redemptions, and sales of such obligations by such Secretary shall be treated as public debt transactions of the United States.

#### FEDERAL HIGHWAY ADMINISTRATION

##### LIMITATION ON GENERAL OPERATING EXPENSES

Necessary expenses for administration, operation, and research of the Federal Highway Administration, not to exceed \$215,350,000; \$212,248,000, shall be paid, in accordance with law, from appropriations made available by this Act to the Federal Highway Administration together with advances and reimbursements received by the Federal Highway Administration: *Provided*, That not to exceed \$38,243,000; \$40,288,000 of the amount provided herein shall remain available until expended: *Provided further*, That, notwithstanding any other provision of law, there may be credited to this account funds received from States, counties, municipalities, other public authorities and private sources, for training expenses incurred for non-Federal employees.

##### [HIGHWAY SAFETY RESEARCH AND DEVELOPMENT

###### [(HIGHWAY TRUST FUND)]

[For necessary expenses in carrying out provisions of sections 307(a) and 403 of title 23, United States Code, to be derived from the Highway Trust Fund and to remain available until expended, \$7,000,000.]

##### HIGHWAY-RELATED SAFETY GRANTS

###### (LIQUIDATION OF CONTRACT AUTHORIZATION)

###### (HIGHWAY TRUST FUND)

For payment of obligations incurred in carrying out the provisions of title 23, United States Code, section 402, administered by the Federal Highway Administration, to remain available until expended, \$10,000,000; \$9,900,000, to be derived from the Highway Trust Fund: *Provided*, That not to exceed \$100,000 of the amount appro-

priated herein shall be available for "Limitation on general operating expenses": *Provided further*, That none of the funds in this Act shall be available for the planning or execution of programs the obligations for which are in excess of \$10,000,000; \$9,900,000 in fiscal year 1988 for "Highway-related safety grants".

#### RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION PROJECTS

For necessary expenses of certain railroad-highway crossings demonstration projects as authorized by section 163 of the Federal-Aid Highway Act of 1973, as amended, to remain available until expended, \$14,000,000; \$2,470,000, of which \$9,333,333; \$1,646,667 shall be derived from the Highway Trust Fund.

#### FEDERAL-AID HIGHWAYS

##### (LIMITATION ON OBLIGATIONS)

###### (HIGHWAY TRUST FUND)

None of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$12,500,000,000; \$12,220,000,000 for Federal-aid highways and highway safety construction programs for fiscal year 1988.

#### FEDERAL-AID HIGHWAYS

##### (LIQUIDATION OF CONTRACT AUTHORIZATION)

###### (HIGHWAY TRUST FUND)

For carrying out the provisions of title 23, United States Code, that are attributable to Federal-aid highways, including the National Scenic and Recreational Highway as authorized by 23 U.S.C. 148, not otherwise provided, including reimbursements for sums expended pursuant to the provisions of 23 U.S.C. 308, \$13,400,000,000 or so much thereof as may be available in and derived from the Highway Trust Fund, to remain available until expended.

#### RIGHT-OF-WAY REVOLVING FUND

##### (LIMITATION ON DIRECT LOANS)

###### (HIGHWAY TRUST FUND)

During fiscal year 1988 and with the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed \$47,850,000.

#### MOTOR CARRIER SAFETY

For necessary expenses to carry out the motor carrier safety functions of the Secretary as authorized by the Department of Transportation Act (80 Stat. 939-940), \$24,000,000; \$23,740,000, of which \$2,000,000 shall remain available until expended, and not to exceed \$300,000 shall be available for "Limitation on general operating expenses".

#### MOTOR CARRIER SAFETY GRANTS

##### (LIQUIDATION OF CONTRACT AUTHORIZATION)

###### (HIGHWAY TRUST FUND)

For payment of obligations incurred in carrying out the provisions of section 402 of Public Law 97-424, \$50,000,000, to be derived from the Highway Trust Fund and to remain available until expended: *Provided*, That none of the funds in this Act shall be available for the implementation or execution of programs the obligations for which are in excess of \$50,000,000; \$49,465,000 for "Motor carrier safety grants".

#### ACCESS HIGHWAYS TO PUBLIC RECREATION AREAS ON CERTAIN LAKES

Notwithstanding any other provision of law, there is appropriated \$1,880,000 for necessary expenses of certain access highway projects, as authorized by section 155, title 23, United States Code, to remain available until expended.

#### [BALTIMORE-WASHINGTON PARKWAY

##### [(HIGHWAY TRUST FUND)]

[For necessary expenses, not otherwise provided, to carry out the provisions of the Federal-Aid Highway Act of 1970, for the Baltimore-Washington Parkway, to remain available until expended, \$15,000,000, to be derived from the Highway Trust Fund and to be withdrawn therefrom at such times and in such amounts as may be necessary.]

#### WASTE ISOLATION PILOT PROJECT ROADS

For necessary expenses in connection with the upgrading of certain highways for the transportation of nuclear waste generated during defense-related activities, not otherwise provided for, \$16,320,000, to remain available until expended.

#### [EXPRESSWAY GAP CLOSING DEMONSTRATION PROJECT

[For necessary expenses to carry out a highway construction project along State Route 113 in north-central California that demonstrates methods of reducing motor vehicle congestion and increasing employment, \$8,300,000, to remain available until expended.]

#### [INTERMODAL URBAN DEMONSTRATION PROJECT

##### [(HIGHWAY TRUST FUND)]

[For necessary expenses to carry out the provisions of section 124 of the Federal-Aid Highway Amendments of 1974, \$10,000,000, to be derived from the Highway Trust Fund and to remain available until expended.]

#### HIGHWAY SAFETY AND ECONOMIC DEVELOPMENT DEMONSTRATION PROJECTS

##### (HIGHWAY TRUST FUND)

For necessary expenses to carry out construction projects as authorized by Public Law 99-500 and Public Law 99-591, \$10,000,000; \$4,950,000, to be derived from the Highway Trust Fund and to remain available until expended.

#### [HIGHWAY SAFETY IMPROVEMENT

##### DEMONSTRATION PROJECT

###### [(HIGHWAY TRUST FUND)]

[For the purpose of carrying out a coordinated project of highway improvements in the vicinity of Pontiac and East Lansing, Michigan, that demonstrates methods of enhancing safety and promoting economic development through widening and resurfacing of highways on the Federal-aid primary system and on roads on the Federal-aid urban system, as authorized by Public Law 99-500 and Public Law 99-591, \$2,000,000, to be derived from the Highway Trust Fund and to remain available until expended.]

#### [HIGHWAY-RAILROAD GRADE CROSSING SAFETY DEMONSTRATION PROJECT

##### [(HIGHWAY TRUST FUND)]

[For the purpose of carrying out a coordinated project of highway-railroad grade crossing separations in Mineola, New York, that demonstrates methods of enhancing highway-railroad grade crossing safety while minimizing surrounding environmental effects, as authorized by Public Law 99-500 and Public Law 99-591, \$10,000,000, to be derived from the Highway Trust Fund and to remain available until expended.]

#### [BRIDGE IMPROVEMENT DEMONSTRATION PROJECT

[For 80 percent of the expenses necessary to carry out a highway project in the vicinity of Jacksonville, Florida for the purpose of demonstrating methods of reducing traffic congestion and improving efficiency in the transshipment of military and civilian cargo, by construction of a bridge to Blount Island, widening State Highway 105 (Heckscher Drive) and constructing an



interchange at the intersection of Heckscher Drive and the new Blount Island Bridge, \$5,000,000, to remain available until expended.

**VEHICULAR AND PEDESTRIAN SAFETY  
DEMONSTRATION PROJECT  
[HIGHWAY TRUST FUND]**

For the purpose of carrying out a demonstration of methods of improving vehicular and pedestrian safety on roads on the Federal-aid urban and Federal-aid secondary systems, involving Route 66 in Northampton and Huntington, Massachusetts, \$7,000,000, to be derived from the Highway Trust Fund and to remain available until expended: *Provided*, That all funds appropriated under this head shall be exempt from any limitation on obligations for Federal-aid highways and highway safety construction programs.

**HIGHWAY BRIDGE RELOCATION  
DEMONSTRATION PROJECT**

For 80 percent of the expenses necessary to carry out a highway project involving the relocation of U.S. Highway 101 and the Queets River Bridge in the State of Washington that demonstrates methods of improving highway safety, \$2,600,000, to remain available until expended.

**HIGHWAY BYPASS DEMONSTRATION PROJECT**

For 80 percent of the expenses necessary to carry out a highway project in the vicinity of Prunedale, California that demonstrates methods of accelerating the environmental studies and preliminary engineering for the construction of a highway bypass, \$2,000,000, to remain available until expended.

**HIGHWAY WIDENING AND IMPROVEMENT  
DEMONSTRATION PROJECT**

For 80 percent of the expenses necessary to carry out a highway project between Paintsville and Prestonsburg, Kentucky, that demonstrates the safety and economic benefits of widening and improving highways in mountainous areas, \$2,500,000, to remain available until expended.

**CORRIDOR SAFETY IMPROVEMENT PROJECT  
[HIGHWAY TRUST FUND]**

For the purpose of carrying out a demonstration of methods of improving vehicular and pedestrian safety on roads on the Federal-aid urban and Federal-aid secondary systems, involving Route 1 in New Jersey, there is hereby authorized to be appropriated \$50,000,000, to be derived from the Highway Trust Fund and to remain available until expended, of which \$4,950,000 is hereby appropriated and to remain available until expended: *Provided*, That all funds appropriated under this head shall be exempted from any limitation on obligations for Federal-aid highways and highway safety construction programs.

**BRIDGE CAPACITY IMPROVEMENTS  
[HIGHWAY TRUST FUND]**

For the purpose of carrying out the Nashua River Bridge and Broad Street Parkway project in Nashua, New Hampshire, that crosses the Nashua River, there is hereby authorized to be appropriated \$8,000,000, to be derived from the Highway Trust Fund and to remain available until expended. All funds appropriated under this head shall be exempted from any limitation on obligations for Federal-aid highways and highway safety construction programs.

**NATIONAL HIGHWAY TRAFFIC  
SAFETY ADMINISTRATION**

**OPERATIONS AND RESEARCH**

For expenses necessary to discharge the functions of the Secretary with respect to traffic and highway safety under the Motor

Vehicle Information and Cost Savings Act (Public Law 92-513, as amended), and the National Traffic and Motor Vehicle Safety Act, [\$65,140,000] \$58,220,000, of which [\$30,553,000] \$23,300,000 shall remain available until expended: *Provided*, That, of the funds available under this head, \$7,000,000 shall be available to implement the recommendations of the 1985 National Academy of Sciences report on trauma research].

**OPERATIONS AND RESEARCH  
[HIGHWAY TRUST FUND]**

For expenses necessary to discharge the functions of the Secretary with respect to traffic and highway safety under chapter 4, title 23, United States Code, to be derived from the Highway Trust Fund, [\$31,610,000] \$31,700,000, to remain available until expended: *Provided*, That, of the funds available under this head, \$2,000,000 shall be available for light truck and van safety research and analysis: *Provided further*, That, of the funds available under this head, \$3,000,000 shall be available to implement the recommendations of the 1985 National Academy of Sciences report on trauma research.]

**HIGHWAY TRAFFIC SAFETY GRANTS  
(LIQUIDATION OF CONTRACT AUTHORIZATION)  
[HIGHWAY TRUST FUND]**

For payment of obligations incurred carrying out the provisions of 23 U.S.C. 402, 406, and 408, and section 209 of Public Law 95-599, as amended, to remain available until expended, [\$133,000,000] \$135,000,000, to be derived from the Highway Trust Fund: *Provided*, That none of the funds in this Act shall be available for the planning or execution of programs the total obligations for which are in excess of [\$121,000,000] \$124,650,000 in fiscal year 1988 for "State and community highway safety grants" authorized under 23 U.S.C. 402: *Provided further*, That none of these funds shall be used for construction, rehabilitation or remodeling costs, or for office furnishings and fixtures for State, local, or private buildings or structures: *Provided further*, That none of the funds in this Act shall be available for the planning or execution of programs the total obligations for which are in excess of [\$14,400,000] \$14,245,000 for "Alcohol safety incentive grants" authorized under 23 U.S.C. 408: *Provided further*, That not to exceed \$4,850,000 shall be available for administering the provisions of 23 U.S.C. 402: *Provided further*, That notwithstanding any other provision of law, none of the funds in this Act shall be available for the planning or execution of programs authorized under section 209 of Public Law 95-599, as amended, the total obligations for which are in excess of \$4,750,000 in fiscal years 1982, 1983, 1984, 1985, 1986, 1987, and 1988.

**FEDERAL RAILROAD  
ADMINISTRATION**

**OFFICE OF THE ADMINISTRATOR  
(INCLUDING TRANSFER OF FUNDS)**

For necessary expenses of the Federal Railroad Administration, not otherwise provided for, [\$19,400,000] \$23,830,000, of which [\$8,650,000] \$12,900,000 shall remain available until expended; and in addition, all unexpended balances in "Rail service assistance" after September 30, 1987, shall be transferred to this account, to remain available until expended: *Provided*, That none of the funds in this Act shall be available for the planning or execution of a program making commitments to guarantee new loans under the Emergency Rail Services Act of 1970, as amended, and that no new commitments to guarantee loans under sec-

tion 211(a) or 211(h) of the Regional Rail Reorganization Act of 1973, as amended, shall be made: *Provided further*, That none of the funds in this Act shall be available for the acquisition, sale, or transference of Washington Union Station without the prior approval of the Committees on Appropriations of the Senate and the House of Representatives: *Provided further*, That notwithstanding any other provision of law, of the funds available under this head, [\$6,000,000] \$8,000,000 shall be available for necessary expenses for rail assistance authorized by section 5(q) of the Department of Transportation Act, as amended, to remain available until expended: *Provided further*, That [\$3,500,000] \$5,500,000 of the fiscal year 1988 funds made available under section 5(h) shall be made available for use directly under sections 5(h)(3)(B)(ii) and 5(h)(3)(C) of the Department of Transportation Act, as amended, notwithstanding any provisions therein to the contrary: *Provided further*, That each State shall be entitled to, and no more than, \$50,000 under the combined provisions of section 5(h)(2) and section 5(i), notwithstanding any provisions therein to the contrary: *Provided further*, That no State may apply for fiscal year 1988 funds available under section 5(h)(2) until such State has obligated all funds granted to it under section 5(h)(2) in the fiscal years prior to the beginning of fiscal year 1983, other than funds not expended due to pending litigation: *Provided further*, That a State denied funding by reason of the preceding proviso may still apply for and receive funds for planning purposes.

**RAILROAD SAFETY**

For necessary expenses in connection with railroad safety, not otherwise provided for, [\$28,825,000] \$29,770,000, of which \$2,530,000 shall remain available until expended.

**RAILROAD RESEARCH AND DEVELOPMENT**

For necessary expenses for railroad research and development, [\$10,000,000] \$9,775,000, to remain available until expended.

**NORTHEAST CORRIDOR IMPROVEMENT PROGRAM**

For necessary expenses for improvements to the Communication and Signal Systems at locations between Wilmington, Delaware, and Boston, Massachusetts, on the Northeast Corridor main line and between Philadelphia, Pennsylvania, and Harrisburg, Pennsylvania, on the Harrisburg line; improvements to the Electric Traction System between Wilmington, Delaware, and Newark, New Jersey; installation of baggage rack restraints, seat back guards and seat lock devices on 348 passenger cars operating within the Northeast Corridor; installation of 44 event recorders and 10 electronic warning devices on locomotives operating within the Northeast Corridor; acquisition of cab signal test boxes and installation of 9 wayside loop code transmitters for use on the Northeast Corridor; and [North Philadelphia Station platform refurbishments, building renovations, and site improvements] necessary mechanical, electrical, and structural repair work on the North Tunnel; [\$27,000,000] \$24,730,000, to remain available until expended.

**GRANTS TO THE NATIONAL RAILROAD  
PASSENGER CORPORATION**

To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation for operating losses incurred by the Corporation, capital improvements, and labor protection costs authorized by 45 U.S.C. 565, to remain available until expended, [\$614,000,000] \$595,555,000: *Provided*, That none of the



funds herein appropriated shall be used for lease or purchase of passenger motor vehicles or for the hire of vehicle operators for any officer or employee, other than the president of the Corporation, excluding the lease of passenger motor vehicles for those officers or employees while in official travel status: *Provided further*, That the Secretary shall make no commitments to guarantee new loans or loans for new purposes under 45 U.S.C. 602 in fiscal year 1988: *Provided further*, That the incurring of any obligation or commitment by the Corporation for the purchase of capital improvements prohibited by this Act or not expressly provided for in an appropriation Act shall be deemed a violation of 31 U.S.C. 1341: *Provided further*, That no funds are required to be expended or reserved for expenditure pursuant to 45 U.S.C. 601(e): *Provided further*, That none of the funds in this or any other Act shall be made available to finance the rehabilitation and other improvements (including upgrading track and the signal system, ensuring safety at public and private highway and pedestrian crossings by improving signals or eliminating such crossings, and the improvement of operational portions of stations related to intercity rail passenger service) on the main line track between Atlantic City, New Jersey, and the main line of the Northeast Corridor, unless the Secretary of Transportation certifies that not less than 40 per centum of the costs of such improvements shall be derived from non-Federal sources: *Provided further*, That, notwithstanding any other provision of law, the National Railroad Passenger Corporation shall not operate rail passenger service between Atlantic City, New Jersey, and the Northeast Corridor main line unless the Corporation's Board of Directors determines that revenues from such service have covered or exceeded 80 per centum of the short term avoidable costs of operating such service in the first year of operation and 100 per centum of the short term avoidable operating costs for each year thereafter: *Provided further*, That none of the funds provided in this or any other Act shall be made available to finance the acquisition and rehabilitation of a line, and construction necessary to facilitate improved rail passenger service, between Spuyten Duyvil, New York, and the main line of the Northeast Corridor unless the Secretary of Transportation certifies that not less than 40 per centum of the costs of such improvements shall be derived from non-Amtrak sources.

#### RAILROAD REHABILITATION AND IMPROVEMENT FINANCING FUNDS

The Secretary of Transportation is authorized to issue to the Secretary of the Treasury notes or other obligations pursuant to section 512 of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210), as amended, in such amounts and at such times as may be necessary to pay any amounts required pursuant to the guarantee of the principal amount of obligations under sections 511 through 513 of such Act, such authority to exist as long as any such guaranteed obligation is outstanding: *Provided*, That no new loan guarantee commitments shall be made during fiscal year 1988: *Provided further*, That, notwithstanding any other provision of law, the [Government] Secretary of Transportation shall sell all securities or promissory notes held by the Department of Transportation under authority of sections 502, 505-507, 509, and 511-513 of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210), as amended: *Provided further*, That such securities or promissory notes authorized to be sold in the immediately preceding proviso shall be sold only

for amounts greater than or equal to the net present value to the Government of each loan as determined by the Secretary of Transportation in consultation with the Secretary of the Treasury [and, if such sale is to a party other than the issuer, such sale shall be made only by the Secretary of the Treasury].

#### SETTLEMENTS OF RAILROAD LITIGATION

For the settlement of promissory notes pursuant to section 210(f) of the Regional Rail Reorganization Act of 1973 (Public Law 93-236), as amended, \$38,950,246, to be derived from the proceeds of settlements of railroad litigation, to remain available until expended.

#### URBAN MASS TRANSPORTATION ADMINISTRATION

##### ADMINISTRATIVE EXPENSES

For necessary administrative expenses of the urban mass transportation program authorized by the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), and 23 U.S.C. chapter 1, in connection with these activities, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, [\$33,850,000] \$33,210,000, of which not to exceed \$625,000 shall be available for the Office of the Administrator.

##### RESEARCH, TRAINING, AND HUMAN RESOURCES

##### (INCLUDING TRANSFER OF FUNDS)

For necessary expenses for research, training, and human resources as authorized by the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), to remain available until expended, [\$15,150,000, of which \$4,000,000 shall be derived from unobligated balances of "Urban Mass Transportation Fund"] \$12,860,000: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources, for expenses incurred for training.

##### FORMULA GRANTS

For necessary expenses to carry out the provisions of sections 9 and 18 of the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), [\$1,865,000,000] \$1,780,690,000, together with \$5,000,000 to carry out the provisions of section 18(h) of the Urban Mass Transportation Act, as amended, to remain available until expended: *Provided*, That notwithstanding any other provision of law, before apportionment of these funds, \$20,710,000 shall be made available for the purposes of section 18 of the Urban Mass Transportation Act of 1964, as amended: *Provided further*, That, notwithstanding any other provision of law, of the funds provided under this Act for formula grants, no more than \$847,044,097 may be used for operating assistance under section 9(k)(2) of the Urban Mass Transportation Act of 1964, as amended: *Provided further*, That, notwithstanding any other provision of law, of the amount available for operating assistance under this Act, no more than \$563,505,567 may be used for operating assistance in urbanized areas with a population of 1,000,000 or more.

##### DISCRETIONARY GRANTS

##### (LIMITATION ON OBLIGATIONS)

##### (HIGHWAY TRUST FUND)

None of the funds in this Act shall be available for the implementation or execution of programs in excess of [\$1,200,000,000] \$1,187,160,000 in fiscal year 1988 for grants under the contract authority authorized in section 21 (a)(2) and (b) of the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.).

#### MASS TRANSIT CAPITAL FUND

##### (LIQUIDATION OF CONTRACT AUTHORIZATION)

##### (HIGHWAY TRUST FUND)

For payment of obligations incurred in carrying out section 21(a)(2) and (b) of the Urban Mass Transportation Act of 1964, as amended (49 U.S.C. 1601 et seq.), administered by the Urban Mass Transportation Administration, \$1,100,000,000, to be derived from the Highway Trust Fund and to remain available until expended.

##### INTERSTATE TRANSFER GRANTS—TRANSIT

For necessary expenses to carry out the provisions of 23 U.S.C. 103(e)(4) related to transit projects, [\$130,000,000] \$128,610,000, to remain available until expended.

##### WASHINGTON METRO

For necessary expenses to carry out the provisions of section 14 of Public Law 96-184, [\$201,119,500] \$183,000,000, to remain available until expended.

#### SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The Saint Lawrence Seaway Development Corporation is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the Corporation's budget for the current fiscal year except as hereinafter provided in the "Limitation on administrative expenses".

##### LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$2,100,000 shall be available for administrative expenses, which shall be computed on an accrual basis, including not to exceed \$3,000 for official entertainment expenses to be expended upon the approval or authority of the Secretary of Transportation: *Provided*, That Corporation funds shall be available for the hire of passenger motor vehicles and aircraft, operation and maintenance of aircraft, uniforms or allowances therefor for operation and maintenance personnel, as authorized by law (5 U.S.C. 5901-5902), and \$15,000 shall be available for services as authorized by 5 U.S.C. 3109.

##### OPERATIONS AND MAINTENANCE

##### (HARBOR MAINTENANCE TRUST FUND)

For necessary expenses for operation and maintenance of those portions of the Saint Lawrence Seaway operated and maintained by the Saint Lawrence Seaway Development Corporation, [\$11,500,000] \$11,375,000, to be derived from the Harbor Maintenance Trust Fund, pursuant to Public Law 99-662.

#### RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

##### RESEARCH AND SPECIAL PROGRAMS

For expenses necessary to discharge the functions of the Research and Special Programs Administration, and for expenses for conducting research and development, [\$12,900,000] \$13,367,000, of which \$2,020,000 shall remain available until expended: *Provided*, That there may be credited to this appropriation funds received from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training.

##### PIPELINE SAFETY

##### (PIPELINE SAFETY FUND)

For expenses necessary to conduct the functions of the pipeline safety program and for grants-in-aid to carry out a pipeline



safety program, as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979, [\$9,200,000] \$9,400,000, to be derived from the Pipeline Safety Fund, of which [\$5,150,000] \$5,650,000 shall remain available until expended.

#### OFFICE OF THE INSPECTOR GENERAL SALARIES AND EXPENSES

For necessary expenses of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, [\$29,300,000] \$28,828,000.

#### TITLE II—RELATED AGENCIES ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

##### SALARIES AND EXPENSES

For expenses necessary for the Architectural and Transportation Barriers Compliance Board, as authorized by section 502 of the Rehabilitation Act of 1973, as amended, [\$2,000,000] \$1,970,000.

#### NATIONAL TRANSPORTATION SAFETY BOARD

##### SALARIES AND EXPENSES

For necessary expenses of the National Transportation Safety Board, including hire of passenger motor vehicles and aircraft; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for a GS-18; uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901-5902), [\$25,400,000] \$25,000,000, of which not to exceed \$500 may be used for official reception and representation expenses.

#### INTERSTATE COMMERCE COMMISSION

##### SALARIES AND EXPENSES

For necessary expenses of the Interstate Commerce Commission, including services as authorized by 5 U.S.C. 3109, and not to exceed \$1,500 for official reception and representation expenses, [\$46,625,000] \$46,040,000. *Provided*, That joint board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their official duties as such.

#### PAYMENTS FOR DIRECTED RAIL SERVICE (LIMITATION ON OBLIGATIONS)

None of the funds provided in this Act shall be available for the execution of programs the obligations for which can reasonably be expected to exceed \$500,000 for directed rail service authorized under 49 U.S.C. 11125 or any other Act.

#### PANAMA CANAL COMMISSION Operating Expenses

For operating expenses necessary for the Panama Canal Commission, including hire of passenger motor vehicles and aircraft; uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); not to exceed \$10,000 for official reception and representation expenses of the Board; operation of guide services; residence for the Administrator, disbursements by the Administrator for employee and community projects; not to exceed \$4,000 for official reception and representation expenses of the Administrator; and to employ services as authorized by law (5 U.S.C. 3109); [\$422,950,000] \$419,512,000, to be derived from the Panama Canal Commission Fund: *Provided*, That there may be credited to this appropriation funds received from the Panama Canal Commission's capital outlay account for expenses incurred for supplies and services provided for capital projects.

#### CAPITAL OUTLAY

For acquisition, construction, replacement, and improvement of facilities, structures, and equipment required by the Panama Canal Commission, including the purchase of not to exceed 42 passenger motor vehicles for replacement only (including large heavy-duty vehicles used to transport Commission personnel across the Isthmus of Panama, the purchase price of which shall not exceed \$14,000 per vehicle); and to employ services authorized by law (5 U.S.C. 3109); [\$33,250,000] \$35,120,000, to be derived from the Panama Canal Commission Fund and to remain available until expended.

#### DEPARTMENT OF THE TREASURY REBATE OF SAINT LAWRENCE SEAWAY TOLLS (HARBOR MAINTENANCE TRUST FUND)

For rebate of the United States' portion of tolls paid for use of the St. Lawrence Seaway, pursuant to Public Law 99-662, [\$10,700,000] \$10,585,000, to remain available until expended and to be derived from the Harbor Maintenance Trust Fund, of which not to exceed \$300,000 shall be available for expenses of administering the rebates.

#### WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

##### INTEREST PAYMENTS

For necessary expenses for interest payments, to remain available until expended, \$51,683,569: *Provided*, That these funds shall be disbursed pursuant to terms and conditions established by Public Law 96-184 and the Initial Bond Repayment Participation Agreement.

#### TITLE III—GENERAL PROVISIONS

Sec. 301. During the current fiscal year applicable appropriations to the Department of Transportation shall be available for maintenance and operation of aircraft; hire of passenger motor vehicles and aircraft; purchase of liability insurance for motor vehicles operating in foreign countries on official department business; and uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901-5902).

Sec. 302. Funds appropriated for the Panama Canal Commission may be apportioned notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 1341), to the extent necessary to permit payment of such pay increases for officers or employees as may be authorized by administrative action pursuant to law that are not in excess of statutory increases granted for the same period in corresponding rates of compensation for other employees of the Government in comparable positions.

Sec. 303. Funds appropriated under this Act for expenditures by the Federal Aviation Administration shall be available (1) except as otherwise authorized by the Act of September 30, 1950 (20 U.S.C. 236-244), for expenses of primary and secondary schooling for dependents of Federal Aviation Administration personnel stationed outside the continental United States at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools, if any, available in the locality are unable to provide adequately for the education of such dependents, and (2) for transportation of said dependents between schools serving the area that they attend and their places of residence when the Secretary, under such regulations as may be prescribed, determines that such schools are not accessible by public means of transportation on a regular basis.

Sec. 304. Appropriations contained in this Act for the Department of Transportation

shall be available for services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for a GS-18.

Sec. 305. None of the funds appropriated in this Act for the Panama Canal Commission may be expended unless in conformance with the Panama Canal Treaties of 1977 and any law implementing those treaties.

Sec. 306. None of the funds in this Act shall be used for the planning or execution of any program to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings funded in this Act.

Sec. 307. None of the funds appropriated in this Act shall remain available for obligation beyond the current fiscal year nor may any be transferred to other appropriations unless expressly so provided herein.

Sec. 308. None of the funds in this or any previous or subsequent Act shall be available for the planning or implementation of any change in the current Federal status of the Transportation Systems Center; and none of the funds in this Act shall be available for the implementation of any change in the current Federal status of the Turner-Fairbank Highway Research Center.

Sec. 309. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive Order issued pursuant to existing law.

Sec. 310. (a) For fiscal year 1988 the Secretary of Transportation shall distribute the obligation limitation for Federal-aid highways by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction that are apportioned or allocated to each State for such fiscal year bear to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction that are apportioned or allocated to all the States for such fiscal year.

(b) During the period October 1 through December 31, 1987, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (a), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(c) Notwithstanding subsections (a) and (b), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction that have been apportioned to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1988, revise a distribution of the funds made available under subsection (a) if a State will not obligate the amount distributed during that fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during that fiscal year giving priority to those States having large unobligated balances of funds apportioned under section 104 of title 23, United States Code, and giving priority to those States which, because of statutory changes made by the Surface Transportation Assistance Act of 1982 and the Federal-Aid Highway Act of 1981, have experienced



substantial proportional reductions in their apportionments and allocations; and

(3) not distribute amounts authorized for administrative expenses, the Federal lands highway program, the strategic highway research program and amounts made available under sections 149(d), 158, 159, 164, 165, and 167 of Public Law 100-17.

(d) The limitation on obligations for Federal-aid highways and highway safety construction programs for fiscal year 1988 shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, obligations under section 157 of title 23, United States Code, projects covered under section 147 of the Surface Transportation Assistance Act of 1978, section 9 of the Federal-Aid Highway Act of 1981, subsections 131 (b) and (j) of Public Law 97-424, section 118 of the National Visitors Center Facilities Act of 1968, section 320 of title 23, United States Code, projects authorized by Public Law 99-500 and Public Law 99-591, or projects covered under subsections 149 (b) and (c) of Public Law 100-17.

(e) Subject to paragraph (c)(2) of this General Provision, a State which after August 1 and on or before September 30 of fiscal year 1988 obligates the amount distributed to such State in that fiscal year under paragraphs (a) and (c) of this General Provision may obligate for Federal-aid highways and highway safety construction on or before September 30, 1988, an additional amount not to exceed 5 percent of the aggregate amount of funds apportioned or allocated to such State—

(1) under sections 104, 130, 144, and 152 of title 23, United States Code, and

(2) for highway assistance projects under section 104(e)(4) of such title,

which are not obligated on the date such State completes obligation of the amount so distributed;

(f) During the period August 2 through September 30, 1988, the aggregate amount which may be obligated by all States pursuant to paragraph (e) shall not exceed 2.5 percent of the aggregate amount of funds apportioned or allocated to all States—

(1) under sections 104, 130, 144, and 152 of title 23, United States Code, and

(2) for highway assistance projects under section 104(e)(4) of such title,

which would not be obligated in fiscal year 1988 if the total amount of the obligation limitation provided for such fiscal year in this Act were utilized; and

(g) Paragraph (e) shall not apply to any State which on or after August 1, 1988, has the amount distributed to such State under paragraph (a) for fiscal year 1988 reduced under paragraph (c)(2).

Sec. 311. None of the funds in this Act shall be available for salaries and expenses of more than one hundred thirty-eight political and Presidential appointees in the Department of Transportation.

Sec. 312. Not to exceed \$700,000 of the funds provided in this Act for the Department of Transportation shall be available for the necessary expenses of advisory committees.

Sec. 313. None of the funds in this or any other Act shall be made available for the proposed Woodward light rail line in the Detroit, Michigan, area until a source of operating funds has been approved in accordance with Michigan law: *Provided*, That this limitation shall not apply to alternatives analysis studies under section 21(a)(2) of the Urban Mass Transportation Act of 1964, as amended.

Sec. 314. The limitation on obligations for the Discretionary Grants program of the Urban Mass Transportation Administration

shall not apply to any authority under section 21(a)(2) of the Urban Mass Transportation Act of 1964, as amended, previously made available for obligation.

Sec. 315. Notwithstanding any other provision of law, none of the funds in this Act shall be available for the construction of, or any other costs related to, the Central Automated Transit System (Downtown People Mover) in Detroit, Michigan.

Sec. 316. None of the funds in this Act shall be used to implement section 404 of title 23, United States Code.

Sec. 317. (a) SAFETY ENFORCEMENT PROGRAM PERFORMANCE.—The Secretary of Transportation shall on or before January 1 of each year transmit to the Congress a comprehensive report on the Federal Aviation Administration's prior fiscal year safety enforcement activities. The report shall include:

(1) a comparison of end-of-year staffing levels by inspector category (operations, maintenance, avionics) to staffing goals and a statement as to how staffing standards were applied to make allocations between air carrier and general aviation operations, maintenance and avionics inspectors;

(2) schedules showing the range of inspector experience by various inspector work force categories, and the number of inspectors in each of the categories who are considered fully qualified;

(3) schedules showing the number and percentage of inspectors who have received mandatory training by individual course, and the number of inspectors, by work force categories, who have received all mandatory training;

(4) a description of the criteria used to set annual work programs, an explanation of how these criteria differ from criteria used in the prior fiscal year and how the annual work programs ensure compliance with appropriate Federal regulations and safe operating practices;

(5) a comparison of actual inspections performed during the fiscal year to the annual work programs disaggregated to the field locations and, for any field location completing less than 80 percent of its planned number of inspections, an explanation as to why annual work program plans were not met;

(6) a statement of the adequacy of Federal Aviation Administration internal management controls available to ensure that field managers are complying with Federal Aviation Administration policies and procedures including those regarding inspector priorities, district office coordination, minimum inspection standards, and inspection follow-up;

(7) the status of the Federal Aviation Administration's efforts to update inspector guidance documents and Federal regulations to include technological, management, and structural changes taking place within the aviation industry, including a listing of the backlog of all proposed regulatory changes;

(8) a list of the specific operational measures of effectiveness—"best proxies" standing between the ultimate goal of accident prevention and ongoing program activities—that are being used to evaluate progress in meeting program objectives, the quality of program delivery, and the nature of emerging safety problems;

(9) a schedule showing the number of civil penalty cases closed during the two prior fiscal years, including total initial assessments, total final assessments, total dollar amount collected, range of dollar amount collected, average case processing time, and range of case processing time;

(10) a schedule showing the number of enforcement actions taken, excluding civil

penalties, during the two prior fiscal years, including total number of violations cited, and the number of cited violation cases closed by certificate suspension, certification revocations, warnings, and no action taken; and

(11) schedules showing the aviation industry's safety record during the fiscal year for air carriers and general aviation, including the number of inspections performed where deficiencies were identified compared with inspections where no deficiencies were found and the frequency of safety deficiencies per carrier as well as an analysis based on the data of the general status of air carrier and general aviation compliance with Federal Aviation Regulations.

(b) LONG-RANGE NATIONAL TRANSPORTATION STRATEGIC PLANNING STUDY.—The Department of Transportation shall undertake a long-range, multi-modal national transportation strategic planning study. This study shall forecast long-term needs and costs for developing and maintaining facilities and services to achieve a desired national transportation program for moving people and goods in the year 2015. The study shall include detailed analyses of transportation needs within six to nine metropolitan areas that have diverse population, development, and demographic patterns, including at least one interstate metropolitan area. This study shall be submitted to Congress on or before October 1, 1989.

Sec. 318. Within seven calendar days of the obligation date, the Urban Mass Transportation Administration shall publish in the Federal Register an announcement of each grant obligated pursuant to sections 3 and 9 of the Urban Mass Transportation Act of 1964, as amended, including the grant number, the grant amount, and the transit property receiving each grant.

Sec. 319. None of the funds appropriated in this Act may be used to prescribe, implement, or enforce a national policy specifying that only a single type of visual glideslope indicator can be funded under the facilities and equipment account or through the airport improvement program: *Provided*, That this prohibition shall not apply in the case of airports that are certified under part 139 of the Federal Aviation Regulations.

[Sec. 320. (a) The Federal Aviation Administration shall satisfy the following air traffic controller work force staffing requirements by September 30, 1988:]

[(1) total air traffic controller work force level of not less than 15,900;

[(2) total operational air traffic controller level of not less than 12,250;

[(3) total full performance level air traffic controllers of not less than 10,350; and

[(4) at least 70 percent of the air traffic controller work force, excluding common screen students, at each center and level 3 and above terminal shall have achieved operational controller status.]

[(b) The Secretary may waive any requirement of this section by certifying that such requirement would adversely affect aviation safety: *Provided*, That such a waiver shall become effective 30 days after the Committees on Appropriations of the Senate and the House of Representatives are notified in writing of the Secretary's intention to waive and reasons for waiving such requirement.]

Sec. 320. (a) The Federal Aviation Administration shall achieve an air traffic controller workforce of not less than 15,800, of which at least 10,450 shall be full performance level controllers, as of September 30, 1988.

(b) The Secretary may waive any requirement of this section by certifying that such requirement would adversely affect aviation



safety: Provided, That such a waiver shall become effective 30 days after the Committee on Appropriations of the Senate and the House of Representatives are notified in writing of the Secretary's intention to waive and reasons for waiving such requirement.

Sec. 321. Notwithstanding any other provision of law, funds appropriated in this or any other Act intended for studies, reports, or research, and related costs thereof including necessary capital expenses, are available for such purposes to be conducted through contracts or financial assistance agreements with the educational institutions that are specified in such Acts or in any report accompanying such Acts.

Sec. 322. The Secretary of Transportation shall permit the obligation of not to exceed \$4,000,000, apportioned under title 23, United States Code, section 104(b)(5)(B) for the State of Florida for operating expenses of the Tri-County Commuter Rail Project in the area of Dade, Broward, and Palm Beach Counties, Florida during each year that Interstate 95 is under reconstruction in such area.

Sec. 323. None of the funds provided by this Act for any appropriation shall be available for rental payments to the General Services Administration which exceed such rental payments made during the fiscal year ending September 30, 1987, by more than 4 percent.

Sec. 324. Notwithstanding any other provision of law, section 144(g)(2) of title 23, United States Code, shall not apply to the Southside Bridge in Charleston, West Virginia.

Sec. 325. The portion of Oklahoma State Route 99 between the United States Highway 377 and Interstate Route I-44 which portion is on the Federal-aid primary system shall hereafter be designated as "United States Highway 377". Any reference in a law, map, regulation, document, record or other paper of the United States to such highway shall be held to be a reference to "United States Highway 377".

Sec. 326. Within 12 months of enactment, the Federal Aviation Administration shall adopt regulations requiring the installation and carriage of operating automatic altitude reporting equipment for all aircraft operating in terminal airspace where air traffic control radar service is provided, and in all controlled airspace above a minimum altitude to be determined by the Federal Aviation Administration. This regulation shall be effective on the earliest feasible date.

[Sec. 327. None of the funds appropriated or made available by this Act or any other Act shall be made available to the New York Metropolitan Transportation Authority unless, within 30 days after the date of enactment of this Act, such authority prohibits all smoking on the Long Island Railroad.

[Sec. 328. All amounts appropriated or otherwise made available by this Act not required to be appropriated or made available by law, shall be reduced by 2 percent.

[Sec. 329. (a) None of the funds appropriated by this Act to the Secretary of Transportation for airport development under the Airport and Airway Improvement Act of 1982 may be made available for airport development or airport planning at any airport which after the ninetieth day following the date of the enactment of this Act permits any air carrier to provide scheduled air transportation between such airport and any other airport with an aircraft (1) which in providing such transportation is scheduled to be in the air two hours or less, and (2) on which smoking will be permitted while such aircraft is being used to provide such transportation.

[ (b) As used in this section—

[(1) the terms "air carrier" and "airport" have the meaning such terms have under section 101 of the Federal Aviation Act of 1958; and

[(2) the term "air transportation" means intrastate air transportation, interstate air transportation, overseas air transportation, and foreign air transportation, as such terms are defined under such section.]

Sec. 327. (a) Section 404 of the Federal Aviation Act of 1958 (49 U.S.C. 1374) is amended by adding at the end thereof the following subsection:

"PROHIBITION AGAINST SMOKING ON SCHEDULED FLIGHTS AND TAMPERING WITH SMOKE ALARM DEVICES

"(d)(1)(A) On and after the date of expiration of the 4-month period following the date of the enactment of this subsection, it shall be unlawful to smoke in the passenger cabin or lavatory on any scheduled airline flight in intrastate, interstate, or overseas air transportation, if such flight is scheduled for 2 hours or less in duration.

"(B) The Secretary of Transportation shall issue such regulations as may be necessary to carry out the provisions of this subsection.

"(C) The provisions of paragraph (1) of this subsection are repealed effective on the expiration of the 40-month period following the date of the enactment of this subsection.

"(2) Any passenger who tampers with, disables, or destroys any smoke alarm device located in any restroom aboard an aircraft engaged in air transportation or intrastate air transportation shall be subject to a civil penalty in accordance with section 901, except that such civil penalty may be imposed in an amount up to \$2,000."

(b) That portion of the table of contents of the Federal Aviation Act of 1958 under the heading:

"Sec. 404. Rates for carriage of persons and property; duty to provide service, rates, and divisions; foreign air transportation rates; discrimination;"

is amended by adding at the end thereof the following:

"(d) Prohibition against smoking on scheduled flights and tampering with smoke alarm devices."

Sec. 328. All work in connection with the maintenance repair, construction, rehabilitation, renewal, replacement, and other improvements needed to restore rail passenger service on the lines between Springfield to East Northfield, Massachusetts and Brattleboro to Windsor, Vermont involved and made possible by the funds provided in Public Law 100-71 which has been performed by practice or agreement in accordance with provisions of existing contracts between representatives of the employees of the classes or crafts involved and the owner of the lines shall continue to be performed by employees subject to said contracts, including employees on furlough, and no work made possible by the use of the funds provided by this Act shall be permitted to be performed by nonowner employees unless it is established to the satisfaction of the Secretary of Labor that sufficient employees of the owner, on active service and on furlough, are unavailable, in which event the Secretary may certify the contracting of that part of the work for which the owner's employees are unavailable.

Sec. 329. Any project approval under section 106 of title 23, United States Code, shall not be withheld under sections 154(a) and 141(a) of title 23, United States Code, with respect to a highway, having a maximum speed limit of sixty-five miles per hour and

located outside an urbanized area of fifty thousand population, which is either—

(1) constructed to interstate standards in accordance with section 109(b) of title 23, United States Code; or

(2) a divided four-lane fully controlled access highway constructed to design and construction standards as determined by the Secretary of Transportation which provide a facility adequate for a speed limit of sixty-five miles per hour.

Sec. 330. Sums authorized under section 17(f) of the Urban Mass Transportation Act, as amended shall also be used to cover costs incurred since 1978 by such States, bodies and agencies as a result of the discontinuation of Conrail commuter rail services under section 1136 of the Northeast Rail Services Act of 1981. Eligible cost shall include but not be limited to additional costs incurred as a result of the assumption of commuter rail service and all liabilities assumed by such States, bodies, and agencies as a result of agreements with Conrail. The Federal share of any cost covered under this provision shall be 100 percent.

Sec. 331. The Rail Passenger Services Act (45 U.S.C. 501 et seq.) is amended by inserting immediately after section 501(c)(3) the following new subsection:

"(c)(4) Commuter authorities shall be exempt from the payment of any taxes or other fees to the same extent as the corporation is exempt: Provided, That the commuter authority could have contracted with Amtrak Commuter, is a direct operator of commuter service, and that the direct operation of such service was initiated on January 1, 1983. Such exemption shall be effective as of January 1, 1983."

Sec. 332. Section 149(b)(82) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 is amended by striking "\$1,800,000" and inserting in lieu thereof "\$500,000" and section 149(b)(83) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 is amended by striking "\$500,000" and inserting in lieu thereof "\$1,800,000".

Sec. 333. The portion of the Union Canal, also known as the Union Ship Canal, an appendage of the Buffalo Outer Harbor, located in the City of Buffalo, State of New York, is declared to be a nonnavigable waterway of the United States within the meaning of the General Bridge Act of 1946 (33 U.S.C. 525, et seq.) from a point two hundred feet west of Fuhrmann Boulevard east to its terminus.

Sec. 334. The Secretary of Transportation is authorized to transfer appropriated funds under "Office of the Secretary, Salaries and expenses": Provided, That no appropriation shall be increased or decreased by more than 5 per centum by all such transfers: Provided further, That any such transfer shall be submitted for approval to the House and Senate Committees on Appropriations.

Sec. 335. (a) Notwithstanding any other provision of law, with regard to the Atlantic City Airport, at Pomona, New Jersey, the Federal Aviation Administration shall not transfer any property to any municipality or any other entity operating such airport, nor shall any funds made available by this Act be available to such municipality or entity for any planning, study, design, engineering, or construction of a runway extension, new runway, new passenger terminal, or improvements to or expansion of the existing passenger terminal at such Airport, until such time as—

(1) the Master Plan Update for Atlantic City Airport and Bader Field, prepared pursuant to Federal Aviation Administration Contract FA-EA-2656, is completed and released; and



(2) the Administrator of the Federal Aviation Administration finds that a public entity has been created to operate and manage the Atlantic City Airport, which entity has the following characteristics:

(A) the authority to enter into contracts and other agreements, including contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States;

(B) the standing to sue and be sued in its own name;

(C) the authority to hire and dismiss officers and employees;

(D) the power to adopt, amend and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised;

(E) the authority to acquire, in its own name, an interest in such real or personal property as is necessary or appropriate for the operation and maintenance of the airport;

(F) the power to acquire property by the exercise of the right of eminent domain;

(G) the power to borrow money by issuing marketable obligations, or such other means as is permissible for public authorities under the laws of the State of New Jersey;

(H) adequate existing capitalization to carry out all activities which are ordinarily necessary and appropriate to operate and maintain an airport;

(I) a governing board which includes voting representatives of the City of Atlantic City, the County of Atlantic, and the townships which are adjacent to or are directly impacted by the airport;

(J) a charter which includes (i) a requirement that members of the governing board have expertise in transportation, finance, law, public administration, aviation, or such other fields or disciplines as would be necessary or appropriate for the operation of an airport; and (ii) procedures which protect the research and development mission of the Federal Aviation Technical Center at Pomona, New Jersey, and the defense functions of the Air National Guard; and

(K) the authority to carry out comprehensive transportation planning to minimize traffic congestion and facilitate access to and from the airport;

(b) The limitation on funds set forth in subsection (a) shall not apply to any expenditure which the Administrator of the Federal Aviation Administration determines is needed for safety purposes.

(c) Notwithstanding any other provision of law, the funds restricted under subsection (a) shall become available at such time as the conditions set forth in subsection (a) are satisfied.

SEC. 336. (a) Notwithstanding section 23 of the Airport and Airway Improvement Act (as in effect on April 6, 1982), the Secretary of Transportation is authorized, subject to the provisions of section 4 of the Act of October 1, 1947 (50 App. U.S.C. 1622 (c)), and the provisions of subsection (b) of this section, to grant releases from any of the terms, conditions, reservations, and restrictions contained in the deed of conveyance, dated April 6, 1982, under which the United States conveyed certain property to the State of Hawaii for airport purposes.

(b) Any release granted by the Secretary of Transportation under subsection (a) of this section shall be subject to the following conditions:

(1) The property for which a release is granted under this subsection shall not exceed 2,280 acres.

(2) The State of Hawaii shall agree that, in conveying any interest in the property which the United States conveyed to the State by a deed described in subsection (a),

the State will receive an amount for such interest which is equal to the fair market value.

(3) Any amount so received shall be used for airport purposes only.

(4) In the event land or any interest therein is received in exchange for all or part of the 2,280 acres, the deed of conveyance of such land or interest will contain language mandating that—

(A) the land or interest must be used for airport purposes only; and

(B) such land or interest in land received by the State of Hawaii may not be conveyed by the State, except by approval of the Federal Government, pursuant to the authority vested in the Secretary of Transportation, under section 4 of the Act of 1947 (50 App. U.S.C. 1622 (c)); and

(C) such conveyance by the State of Hawaii shall be subject to receipt of fair market value; and

(D) the proceeds from such conveyance by the State of Hawaii shall be used for airport purposes only.

SEC. 337. Upon enactment into law of legislation to continue the authorization of title V of Public Law 97-248, airport grant funds made available to the State of Hawaii under section 505 of such law, may, notwithstanding any other provision of law, be used to acquire properties referred to as areas 46A and 46B of the United States General Services Administration Facility Site in Moanalua, Honolulu, Oahu, Hawaii, or to reimburse the State of Hawaii for such acquisitions.

SEC. 338. Notwithstanding section 127 of title 23, United States Code, the State of Wyoming may permit the use of the National System of Interstate and Defense Highways located in Wyoming by vehicles in excess of 80,000 pounds gross weight, but meeting axle and bridge formula specifications in section 127 of title 23, United States Code, through September 30, 1991. Additionally, the Secretary of Transportation shall report, by September 30, 1990, to the Senate and House Appropriations Committees, and to the Committee on Public Works and Transportation of the House of Representatives and the Committee on Environment and Public Works of the United States Senate, on the productivity and economic benefits, the safety performance, and the effects of such vehicles on the condition of the highways over which they were operated.

This Act may be cited as the "Department of Transportation and Related Agencies Appropriations Act, 1988".

Mr. LAUTENBERG. Mr. President I start by asking unanimous consent that the privileges of the floor be granted to Joseph McGrail, who is detailed to the subcommittee from GAO during the review of H.R. 2890.

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

Mr. LAUTENBERG. Mr. President, the fiscal 1988 transportation appropriations bill (H.R. 2890) now before the Senate balances the urgent need for improvement and restoration of the Nation's transportation infrastructure with the realities of severe budgetary constraints. It provides a total of \$11.1 billion in new budget authority. This is an increase of approximately \$580 million or 5.5 percent over the fiscal 1987 level, and \$182.9 million over the House level.

As scored by the Congressional Budget Office, the bill is below its 302(b) allocation by \$96 million in

budget authority and is at the ceiling for outlays.

In addition to appropriated amounts, the bill also contains almost \$15.1 billion in obligation limitations for programs funded with contract authority. Therefore, the committee's recommendations would provide total budgetary resources of \$26.2 billion for transportation programs and related agencies in fiscal 1988. This represents an increase over fiscal 1987 of just under \$1 billion—\$994.9 million. This is the net result of providing major increases for aviation and the Coast Guard while holding the line on other important programs which the administration proposed to abolish or cripple.

#### AVIATION

No one in this Chamber, Mr. President, has to be reminded of the strains on our aviation system. We have far too many near midair collisions and far too few air traffic controllers and other essential personnel. We have far too many delays and far too little progress in expanding capacity.

This bill provides resources to address these deficiencies. It includes an increase of \$1 billion or 22 percent for the FAA.

It requires an expansion of the controller work force by 675 positions above the level required in fiscal year 1987.

It will add 178 more safety inspectors.

It will add 325 more field maintenance technicians than the administration's request.

It will accelerate the development of the more advanced airborne collision avoidance system.

It will provide more for airport capacity research and development than was requested.

It accelerates research on windshear. And it provides all the funding that FAA can use responsibly to modernize its equipment and facilities.

#### COAST GUARD

Congress has expanded and redefined the Coast Guard's mission over the last several years. The Coast Guard is now the lead agency in maritime drug interdiction. It is also called upon to enforce laws to protect the marine environment. It has been given an expanded role in the military defense of the United States. And it is expected to continue fulfilling its traditional responsibilities in search and rescue, fisheries patrol, maintenance of navigation aids, ice breaking, and marine safety.

The bill provides a total of \$2.7 billion, an increase of \$151 million over fiscal 1987, to support the Coast Guard's growing mission requirements. For drug interdiction alone, the bill earmarks \$447 million—an increase of \$74 million over the amount provided in fiscal 1987.



## FEDERAL-AID HIGHWAYS

In the highway area, the committee found it necessary to set the obligation ceiling for the Federal-Aid Highway Program at \$12.22 billion which is about \$130 million below the fiscal year 1987 level. In the highway safety area the only program that received funding above the 1987 level was the State Safety Grant Program. It received a modest increase of 2.9 percent.

## TRANSIT

In the mass transit area, the committee has had to reduce funding below what was provided in fiscal 1987 in order to fit within Transportation's 302(b) allocation. In the Section 9 Formula Grants Program, the overall level was reduced by \$214.3 million, a 10.8-percent reduction from the 1987 level. Despite the reductions, the committee did freeze the amount available for the Small Urban-Rural Program at \$75 million and fully funded the Rural Transit Assistance Program at \$5 million.

Funding from the transit trust fund was increased by 18.4 percent—\$185 million over the 1987 level. These funds, however, come from the transit trust fund which is supported by the 1-cent-per-gallon gas excise tax. Of this amount, \$35 million is for the Elderly and Handicapped Program and \$417 million is for the "new start" category that funds projects from Florida, to Missouri, to Colorado, to Washington.

## RAIL

In the rail area, the bill contains \$595.6 million for Amtrak, approximately 2 percent below the 1987 level.

The rail safety, research and development, and Northeast corridor accounts were increased specifically to address a wide gamut of issues. The programs funded would address human error, tank car integrity, track inspection, and structural and signalization work. All of these increases were dictated by recent accidents in the rail area and the followup hearings conducted by the committee.

Now, Mr. President, there is one nonfunding item that has sparked considerable controversy. I refer, of course, to the general provision—section 327—that prohibits smoking on scheduled airline flights of 2 hours or less.

The House bill included a provision that denied grants to airports unless they somehow required air carriers to enforce a 2-hour smoking ban. This is clearly both unfair to the airport authorities and, further, it is unworkable. It also makes little sense in view of our need to expand airport capacity.

In lieu of that approach, the recommended committee amendment substitutes a straightforward prohibition against smoking on 2-hour flights or less. The prohibition would sunset after 3 years. Violators would be subject to fines of up to \$1,000. In addition, because we have heard that there

has been tampering with smoke detection devices, the language includes a provision making it absolutely unlawful to tamper with or disable smoke detectors with violations punishable by fines of up to \$2,000. The Secretary would enforce these provisions by regulation.

Mr. President, I believe that fairly and accurately summarizes the contents of the bill.

Before proceeding further, I know that my distinguished colleague, the ranking member of the Subcommittee on Transportation, my friend from New York, has some comments that he would like to make.

The PRESIDING OFFICER. The Senator from New York, Mr. D'AMATO.

Mr. D'AMATO. Mr. President, let me first congratulate the chairman of the Appropriations Subcommittee on Transportation and Related Agencies, Senator LAUTENBERG. Mr. President, this has not been an easy task. I believe that Senator LAUTENBERG can be proud of the bill that he has brought before the Senate today. We have a bill that pays special attention to the serious safety needs of the Federal Aviation Administration and the important mission of the U.S. Coast Guard. At the same time, this bill has achieved a delicate balance that provides the funds needed for other important transportation programs such as mass transit, Amtrak, highways and bridges, railroads and many safety programs.

Second, I would like to express my thanks to the chairman's staff who worked so hard on this bill: Jerry Bonham and Patrick McCann, as well as Joe McGrail, who is on loan to the subcommittee while on a detail from the GAO; and the minority staff, headed by Anne Miano. They are true professionals who have treated all staff with courtesy and fairness. I also would like to compliment them on the fine series of hearings they helped to put together. The record produced by those hearings provided a solid framework for funding decisions made in the bill.

The funding decisions made in this bill were not easy ones, but they reflect the transportation priorities of the Nation. In fiscal year 1988, the American public wants to be assured that the Congress has provided the funds necessary to rebuild our air traffic control system and restore public confidence in the safety of that system. In addition, the Nation does not want to see the Coast Guard's important drug interdiction mission underfunded, or its search and rescue and safety duties impaired by fiscal constraints. Our bill addresses those needs without devastating the Federal Transit Program relied on by millions of transit riders, or the Federal commitment to a national passenger railroad system. That was not a simple task.

H.R. 2890 provides \$3.2 billion for FAA operating expenses. This is an in-

crease of \$314.6 million over current levels and includes salaries for more air traffic controllers and safety inspectors.

Bill language also specifies that the FAA shall achieve a level of 15,800 air traffic controllers, at least 10,450 of whom shall be full performance level, as of September 30, 1988. As of August 31, 1987, the FAA had 15,302 controllers of whom 9,695 were full performance level. To assist in the critical effort to modernize the national airspace system, the FAA is provided with \$1.2 billion for facilities and equipment, increase of \$451.5 million. In addition, the reported bill contains an obligation ceiling of \$1.335 billion for the important Airport Improvement Grant Program—an increase of \$310.5 million over fiscal year 1987.

Again, our Nation has experienced an increase of millions of passengers in our airports and our skies. They certainly are entitled to the best in terms of safety.

I am pleased that the bill also contains \$1.952 billion for Coast Guard operating expenses. This is an increase of \$155.7 million over fiscal year 1987. Coast Guard's Drug Interdiction Program is funded at \$447 million. Although we were forced to make sacrifices in other programs to address the Coast Guard's needs, it was the only reasonable approach to take. For too long the stability of Coast Guard funding has been threatened by unrealistic transportation budget requests from the administration. Each year, we receive a request that zeros out Amtrak, and slashes about two-thirds of Federal transit aid. Since Congress inevitably restores these moneys, we are hard-pressed to accommodate the Coast Guard program and still stay within our allocations. I wonder when OMB will stop playing this game with the Congress.

Other appropriations items of interest in the bill include an obligation ceiling of \$12.22 billion for the Federal-aid Highways Program. Mass transit formula grants are funded at \$1.78 billion. Operating aid is frozen at fiscal year 1987 levels—\$847 million. An obligation ceiling of \$1.2 billion will apply to the Discretionary Transit Grants Program. In addition, Amtrak is provided with \$595.5 million. I am glad that we were able to provide the funds needed to assist Amtrak in providing passenger rail service.

I look forward to further discussion on other important items in this bill.

Once again, I commend the chairman and the staff for an outstanding job.

Mr. STENNIS. Will the Chair yield to me for 1 or 2 minutes?

Mr. D'AMATO. Certainly.

Mr. STENNIS. Mr. President, I thank the Senator.

I want to highly compliment the Senator from New Jersey and the Senator from New York for this important and rather difficult work, too, at



times, which they did in preparing this bill and holding the hearings and going through a good, solid amount of difficult work. It is something we take for granted and nobody backs you up as to what has been done. But I want to call the attention of others, and people in the industry, to the work that they have done. It seems to me they have an excellent attitude toward that obligation.

This has grown to be a highly important bill and represents a lot of money, over \$11 billion. Without their attention the amount would be way more than that, so I compliment each of you gentlemen for your work and thank you, too. I look forward to hearing of further developments.

Mr. President, I am pleased to present before the Senate today the Department of Transportation and Related Agencies appropriation bill for fiscal year 1988. This bill, which provides \$11.1 billion in new budget authority for fiscal year 1988, reflects the diligent care and able effort which our entire committee has rendered. In particular, however, it is evidence of the hard work and excellent leadership of Subcommittee Chairman LAUTENBERG and the ranking minority member, Senator D'AMATO. I also wish to compliment the highly skilled work of the staff of their subcommittee: Mr. Jerry Bonham, Mr. Patrick McCann, Mrs. Veronica Queen, Mrs. Anne Miano and Miss Dorothy Pastis.

I now wish to briefly highlight a few important items regarding this bill.

First and foremost, I am pleased to report that this bill is below the 302(b) allocation for budget authority and outlays. As I have previously indicated, this is essential for all appropriation bills which are to be taken up for consideration on the Senate floor.

Second, the committee's recommended \$11.1 billion in new budget authority is above the President's request of \$8.5 billion and slightly above the House-passed level of \$10.9 billion.

Finally, I would ask my colleagues to resist any further amendments adding additional funds which would violate the bill's spending ceiling set by the subcommittee's 302(b) allocation. Let me also mention that the Senate rules do not permit legislative amendments on appropriation bills.

In conclusion, I firmly support this bill and ask that it be adopted so that we can proceed to conference with our House counterparts in a timely manner.

Mr. LAUTENBERG. I thank the distinguished chairman of the Appropriations Committee for his kind remarks. His leadership has been very important. He had difficult problems to work with. As we sat down, we struggled with the 302(b) allocation because in no case was it comfortable to reduce funding from any of the bills that we had. I am grateful for the level hand that he laid on the table when we so dramatically needed his guidance and his leadership. We greatly appreciate

his comments, and I also would like to say at this moment that my colleagues from New York, the distinguished ranking minority member of the Transportation Subcommittee was most helpful.

There were several times when we ran into what seemed to be impossible situations to take care of, and Senator D'AMATO's strength in negotiating was very helpful. We got a good balance. We took cuts in places that we did not want to, but, nevertheless, we are faced with a limit on spending that we have to observe. It was his guidance and his help that helped get this bill to where it is, and I thank him for his comments.

I particularly thank him for his work, constructive work, on the Transportation Subcommittee.

Mr. JOHNSTON. I move all amendments be temporarily set aside.

The PRESIDING OFFICER. Is there objection? If not, the request is agreed to.

#### AMENDMENT NO. 1093

(Purpose: Transfer of Section 9 Funds.)

Mr. JOHNSTON. 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 Louisiana (Mr. JOHNSTON), for himself and Mr. BREAUX, proposes an amendment numbered 1093.

Mr. JOHNSTON. 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:

An amendment to be inserted in the appropriate section of the bill.

#### SEC. 9. TRANSFER OF SECTION 9 FUNDS

"The Governor of Louisiana, after consultation with all urbanized areas with Louisiana, may transfer not to exceed \$5,000,000 of unused apportionments under Section 9 of the Urban Mass Transportation Act of 1964 to any other urbanized area for use of urban mass transportation purposes. The authority to transfer these funds expires on October 1, 1988."

Mr. JOHNSTON. Mr. President, this amendment would authorize the transfer of unused Urban Mass Transportation Act [UMTA] section 9 funds to assist the city of Baton Rouge. Specifically, the Governor of Louisiana would be able to transfer as much as \$5,000,000 of unused section 9 funds to any other urbanized area for transit use. In return for this transfer authority, Louisiana could receive approximately 60 cents on each dollar to be used in maintaining its financially troubled local transit system. Currently, the city is unable to utilize the Federal section 9 funds because of the loss of transit matching funds. Timing is critical in providing assistance in order to help continue bus service in the city of Baton Rouge. There is a precedent for the transfer of section 9 funds from one urban area to another. The

Surface Transportation Act of 1987 authorizes such a transfer between Los Angeles, CA and Las Vegas, NV.

Again, this measure does not impact the current allocation of the transportation bill and it has been cleared by the appropriations and authorizing committees.

My colleagues, Senator BREAUX, who is a member of the authorizing committee, has gotten it cleared in that committee as well.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 1093) was agreed to.

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

Mr. BREAUX. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BREAUX. Mr. President, I ask unanimous consent that the pending amendments be set aside so that I may offer an amendment.

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

#### AMENDMENT NO. 1094

(Purpose: Technical Corrections Provision to the Surface Transportation and Uniform Relocation Assistance Act of 1987)

Mr. BREAUX. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. BREAUX), for himself and Mr. JOHNSTON, proposes an amendment numbered 1094.

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

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

The amendment is as follows:

An amendment to the Fiscal Year 1988 Transportation Appropriations bill:

Insert the following language in the appropriate section of the bill.

SEC. —, Section 149(a) (89) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 is amended by striking the language therein and inserting in lieu thereof:

"The Secretary is authorized to carry out a project to construct a full-diamond interchange to connect Louisiana Highway 354 to Interstate Route 1-10 in East Lafayette, Louisiana."

Mr. BREAUX. Mr. President, this amendment has been discussed with the managers of the bill. It is a simple amendment.

The existing highway program calls for an access road to be constructed in Louisiana to the Interstate System. This amendment changes that terminology and allows for the construction of an interchange at that location instead of an access road.



Senator JOHNSTON spoke in the 99th Congress about the intent that this was to be an interchange. This amendment carries out that intent. There are no additional funds which are to be authorized as a result of this amendment. It is merely changing what is going to be constructed at that particular site. I ask for favorable consideration of the amendment.

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

Mr. LAUTENBERG. Mr. President, we have no problem with that amendment on our side.

Mr. D'AMATO. It has been cleared on this side, Mr. President. We have no objection.

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

The amendment [No. 1094] was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. LAUTENBERG. Mr. President, I withdraw my unanimous-consent request that I put forward, and I ask unanimous consent that the committee amendments be considered and agreed to en bloc, provided that no points of order under rule XVI be waived thereon and that the measure, as amended, be considered as original text for the purpose of further amendment, with the exception of the following: That is from page 55, line 23, through the end of the bill.

The PRESIDING OFFICER (Mr. REID). Is there objection?

Without objection, it is so ordered.

Mr. LAUTENBERG. 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. LAUTENBERG. 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. LAUTENBERG. Mr. President, I would like to amend the unanimous-consent request that was just dealt with and substitute for that the following:

Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, provided, that no points of order under rule XVI be waived thereto, and that the measure, as amended, be considered as original text for the purpose of further amendment, with the exception of the following: The committee amendment appearing on page 56, line 7, down through and including page 58, line 3.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Reserving the right to object, will the distinguished manager of the bill allow me a brief quorum call to discuss this?

Mr. LAUTENBERG. Yes.

Mr. HELMS. 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. HELMS. 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. HELMS. I thank the Chair and I thank the distinguished manager.

The PRESIDING OFFICER. Does the Senator from New Jersey renew his unanimous-consent request?

Mr. LAUTENBERG. The unanimous consent request I will restate once more. I ask unanimous consent that the committee amendments be considered and agreed to en bloc, provided that no points of order under rule XVI be waived thereon and that the measure, as amended, be considered as original text for the purpose of further amendment, with the exception of the following: The committee amendment appearing on page 56, line 7, down through and including page 58 line 3.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Not at all.

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

The committee amendments were considered and agreed to en bloc, with the exception of the committee amendment on page 56, line 7, through and including page 58, line 3, as follows:

SEC. 327. (a) Section 404 of the Federal Aviation Act of 1958 (49 U.S.C. 1374) is amended by adding at the end thereof the following subsection:

"PROHIBITION AGAINST SMOKING ON SCHEDULED FLIGHTS AND TAMPERING WITH SMOKE ALARM DEVICES

"(d)(1)(A) On and after the date of expiration of the 4-month period following the date of the enactment of this subsection, it shall be unlawful to smoke in the passenger cabin or lavatory on any scheduled airline flight in intrastate, interstate, or overseas air transportation, if such flight is scheduled for 2 hours or less in duration.

"(B) The Secretary of Transportation shall issue such regulations as may be necessary to carry out the provisions of this subsection.

"(C) The provisions of paragraph (1) of this subsection are repealed effective on the expiration of the 40-month period following the date of the enactment of this subsection.

"(2) Any passenger who tampers with, disables, or destroys any smoke alarm device located in any restroom aboard an aircraft engaged in air transportation or intrastate air transportation shall be subject to a civil penalty in accordance with section 901, except that such civil penalty may be imposed in an amount up to \$2,000."

(b) That portion of the table of contents of the Federal Aviation Act of 1958 under the heading:

"Sec. 404. Rates for carriage of persons and property; duty to provide service, rates, and divisions; foreign air transportation rates; discrimination;"

is amended by adding at the end thereof the following:

"(d) Prohibition against smoking on scheduled flights and tampering with smoke alarm devices."

Mr. LAUTENBERG. Mr. President, could we have an understanding of what the pending business is?

The PRESIDING OFFICER. The pending business is the excepted committee amendment.

Mr. LAUTENBERG. Mr. President, the pending committee amendment deals with the issue of smoking on airplanes. As frequent flyers, we are all aware of the irritation to our eyes, noses, and throats soon after the no smoking sign goes off on commercial airplanes. But, recent reports from the National Academy of Sciences and the Surgeon General make it clear that environmental tobacco smoke is more than an irritant; it is a health hazard.

I will take a few minutes to discuss the nature of the risk to health, as spelled out in some recent reports, and to explain this amendment.

The Surgeon General has been issuing reports on the health consequences of smoking since 1964. More than 50 thousand studies have demonstrated that smoking is the largest single preventable cause of premature death and disability in the United States. Faced with that evidence of the effects of cigarette smoking on smokers, scientists have also been examining a possible link between disease in nonsmokers and their exposure to the cigarette smoke of others.

In his 1986 report, the Surgeon General said, "Involuntary smoking is a cause of disease, including lung cancer, in healthy nonsmokers." He goes on to say, "... the time for delay is past; measures to protect the public health are required now."

In 1984, Congress directed the Secretary of Transportation to commission a study of airline cabin air quality to be performed by the National Academy of Sciences. The NAS study was completed in August 1986. It recommended that smoking be banned on commercial flights in the United States. So, let's be clear. The study has been done.

Now, is the time to act. I have proposed, and the Appropriations Committee has approved, a 3-year ban on smoking on commercial airplane flights scheduled for 2 hours or less. The House of Representatives included a similar provision in their Transportation appropriations bill. The Senate provision, however, puts the burden of responsibility on the individual, rather than on the airport managers as the House did. It also has a sunset after 3 years.



Along with the ban, the bill prohibits tampering with the smoke detectors in airplane lavatories. These are required by the FAA. The antitampering provision carries with it a substantial civil fine for violations. The maximum penalty for violations of the smoking ban would be \$1,000. The maximum penalty for tampering with smoke detectors would be \$2,000. That's intended to discourage passengers from taking clandestine puffs in the lavatory. It's intended to reduce the danger of fire.

Tobacco smoke in an enclosed area is an irritant. People don't like it. But, I propose a ban on smoking because of the long-term health risk. We know that tobacco smoke harms smokers, and we have evidence to back a finding that it also harms nonsmokers who are exposed to it.

How do we know? People have measured the presence in nonsmokers of certain elements found in environmental tobacco smoke. The body turns nicotine into a substance called cotinine. Cotinine stays in the blood and other body fluids for about a day. Studies measuring the amount of cotinine in the fluids of nonsmokers made an interesting finding. The amount of cotinine in the nonsmoker rose with exposure to environmental tobacco smoke.

And, Mr. President, this exposure has been connected to disease. Several studies have found an increased risk of lung cancer in nonsmokers married to smokers. And, studies have shown that the children of parents who smoke have an increased rate of respiratory problems when compared with children of nonsmoking parents.

Smoking is regulated in many everyday situations. Forty-one States restrict smoking in public places. Ten States restrict smoking in the workplace. Thirty-three States restrict smoking in public transportation. A few weeks ago, the Governor of California signed into law a ban on smoking on intrastate airplane flights. If the Federal Government does not act on a uniform ban, the airlines could face a balkanized system with 50 different sets of rules governing smoking.

The National Academy of Sciences report estimated that flight attendants are exposed to as much smoke as someone living with a pack-a-day smoker. This exposure puts the attendants at a higher risk for lung cancer than other nonsmokers. The flight attendants talk about working in a "blue haze." The haze is the visible smoke in the air, particularly around the galleys and the lavatories, which tend to be located behind the seating area for smokers. In the interests of providing a safe working environment for the airline cabin crew, smoking should be banned.

In the interests of guarding the health of all passengers, it must be banned as well. Current regulations require segregated seating for smokers and nonsmokers. And the captain has

the discretion to declare all seats on a particular flight to be nonsmoking. But the Surgeon General says flatly that separating smokers and nonsmokers in the same air space does not eliminate the nonsmokers' exposure to the environmental tobacco smoke.

The Surgeon General's conclusions are particularly relevant to the airliner cabin environment. The air in the cabin is a mix of fresh outside air and recirculated air. Increasing the flow of outside air increases the use of fuel. As airplanes are equipped with more fuel efficient engines, the amount of outside air available in the cabin is being reduced. Recirculated air cannot be cleansed of all contaminants.

The ventilation rate is the amount of outside air supplied to the passengers and crew. Many factors affect the ventilation rate. These include the number of passengers and the operation of the environmental control system. The crew can select the flow rates. Often a flight will be operated at less than optimal flows. If, for instance, a plane has three environmental control systems, or packs, one may be shut off. Thus, the optimum or design specification rate may not be the actual ventilation rate provided. Since reducing the amount of outside air will not affect the cabin temperature and pressure and will save fuel, the airline has an incentive to recirculate most of the air.

The NAS study notes that recirculating air contaminated with tars from cigarette smoke can affect aircraft systems. Temperature control sensors respond more slowly when contaminated with tars and lint. Axial-flow fans have become so contaminated with tars that fan blades can stick and their bearings can fail prematurely. Maintenance personnel believe that the residue of tobacco smoke causes problems which increase the cost of maintenance.

Systems for recirculating air usually have a filter to remove particles, but gases generally pass right through the filters. The relatively low humidity of the airliner cabin adds to the irritation and discomfort caused by environmental tobacco smoke.

The NAS committee considered the health effects of passive smoking. He considered the characteristics of the airliner cabin environment. And, the NAS committee concluded that no satisfactory, economically or technically feasible ways existed to reduce environmental tobacco smoke. The only answer was to ban smoking.

Aside from its impact on health, the NAS committee found that a smoking ban would provide more pluses to the aviation industry than minuses. On the plus side, cleaning costs and the costs of replacing and repairing damaged materials would decrease. Fuel costs would drop as a result of reduced outside air requirements. Onboard fire risks would also be reduced in the long run.

Opponents of the ban point to the danger of surreptitious smoking in the lavatories which could cause fires. However, the FAA already requires smoke detectors in the lavatory and the bill prohibits tampering with them. Also limiting the ban to flights of 2 hours or less is intended to make abstinence bearable for addicted smokers.

A selection of reports from the FAA Accident/Incident reports from 1980-85 demonstrates the fire hazard under current conditions. Two examples should make the point. In one case, a passenger's lighter burst into flames and the flight attendant extinguished the fire with a substance close at hand—apple juice. In another case, a passenger's carry on bag caught fire, probably due to careless smoking. Most flight attendants can relate stories of frenzied searches around seat cushions for a dropped cigarette.

Not all airlines oppose a smoking ban or believe that it would be dangerous. In fact, one carrier, Air Canada, experienced a disastrous and deadly onboard fire several years ago. Recently it successfully completed an experimental ban on smoking on many of its flights and has made the ban permanent.

The Appropriations Committee, by a bipartisan vote of 17 to 12, approved an amendment to ban smoking on all scheduled domestic airplane flights of 2 hours or less. The ban will sunset after 3 years, allowing Congress to review the ban, and determine whether to continue it, amend it, or expand it.

The smoking ban is not antismoking or antitobacco; it is pro-health. An airliner cabin is a special environment. You cannot open the windows at 30,000 feet to clear out the smoke. The amount of outside air in the cabin is being reduced as newer, more fuel efficient engines, which pull in less outside air, come into service. The flight attendants and passengers are entitled to work and travel in a safe environment. Prohibiting smoking is as much a safety and health requirement as fastening seat belts.

Public opinion is overwhelmingly behind this ban. A poll by the American Medical Association found 67 percent of those polled favored a ban. Other surveys have found similar or higher levels of support. The American Lung Association, the American Heart Association, the American Cancer Society, and the Association of Flight Attendants, as well as 29 other health and flight attendant organizations, all strongly support the smoking ban.

Mr. President, I ask unanimous consent to place in the RECORD at this point a list of the organizations supporting the smoking ban and a letter of support from the Coalition on Smoking or Health.



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

COALITION ON SMOKING OR HEALTH,  
Washington, DC, October 22, 1987.

DEAR SENATOR: When the FY88 Department of Transportation appropriations bill (HR2890) is debated on the Senate floor, we urge you to support the provision approved by the Senate Appropriations Committee to ban smoking on domestic commercial airline flights of two hours or less.

This provision is supported by the Coalition on Smoking OR Health, comprised of the American Cancer Society, the American Heart Association, and the American Lung Association, the major flight attendant unions, and close to thirty other public health and consumer advocacy organizations. In addition, public opinion polls show a majority of travelers, including 23% of smokers, support a smoking ban on airplanes. Although the massive mail campaign sponsored, paid for, and written by the tobacco manufacturers has undoubtedly deposited many identical mail-a-grams in your office, independent surveys of airline passengers conducted by the International Foundation of Airline Passenger Associations and others document the overwhelming public support for an airplane smoking ban.

The scientific evidence of the hazards posed by exposure to airborne tobacco smoke has been analyzed and confirmed by the Surgeon General and the National Academy of Sciences. A special study of the airliner passenger cabin environment issued by the National Academy of Sciences recommended that smoking be prohibited on domestic flights of all lengths because of the health and safety hazards posed to airplane passengers and crew by in-flight smoking. Pipe and cigar smoking have been banned since 1984.

The provision introduced by Senator LAUTENBERG and approved by the Appropriations Committee would ban smoking on flights of two hours or less for three years. In light of what we now know about the health risks of involuntary smoking, and the resounding recommendation by the National Academy of Sciences that smoking be banned on flights of all lengths, the Lautenberg provision is a sensible compromise which enacts a needed protection immediately on 80% of domestic flights while allowing for further study and consideration of the situation as additional scientific and technical information becomes available. A provision which would have the same potential effect already has been approved by the House of Representatives.

Please vote to retain the Lautenberg airplane smoking ban provision in the Senate bill.

Sincerely,

American Cancer Society; American Heart Association; American Lung Association; Aerospace Medical Association; American Academy of Family Physicians; American Academy of Otolaryngology, Head and Neck Surgery, Inc.; American Academy of Pediatrics; American Association of Dental Schools; American Association for Respiratory Care; American Chiropractic Association; American College of Chest Physicians; American College of Physicians; American Dental Association; American Diabetes Association; American Medical Association; American Medical Students Association; American Medical Women's Association; Americans for Nonsmokers Rights; American Public Health Association; American Society of Internal Medicine;

American Speech-Language-Hearing Association; Association of Flight Attendants; Aviation Consumer Action Project; Citizens Against Tobacco Smoke; Consumer Federation of America; Independent Union of Flight Attendants; Joint Council on Allergy and Immunology; Joint Council of Flight Attendant Unions; Massachusetts GASP; National Perinatal Association; Oncology Nursing Society; and Virginia GASP.

#### ORGANIZATIONS SUPPORTING A SMOKING BAN ON AIRLINERS

American Cancer Society; American Heart Association; American Lung Association; American Academy of Family Physicians; American Academy of Otolaryngology, Head and Neck Surgery; American Academy of Pediatrics; American Association for Respiratory Care; American Chiropractic Association; American College of Cardiology; American College of Chest Physicians; American College of Physicians; American Diabetes Association; American Medical Association; American Medical Students Association; American Medical Women's Association; American Public Health Association; American Society of Internal Medicine;

American Speech-Language-Hearing Association; Americans for Nonsmokers' Rights; Americans for Substance Abuse, Prevention and Treatment; Action on Smoking and Health; Aerospace Medical Association; Association of Flight Attendants; Aviation Consumer Action Project; Consumer Federation of America; Independent Union of Flight Attendants; Joint Council of Allergy and Immunology; Joint Council of Flight Attendant Unions; National Perinatal Association; National Alliance of Senior Citizens, Inc.; Oncology Nursing Society; Public Citizens Health Research Group; and Western Association of Children's Hospitals.

Mr. D'AMATO. Mr. President, I am not going to speak at length with respect to this provision which would ban smoking for 3 years on scheduled flights of 2 hours or less. Mr. President, such flights comprise about 80 percent of all domestic flights.

The bill also provides penalties of up to \$2,000 for tampering with smoke detectors, and up to \$1,000 for those who violate the ban.

The Senate amendment, is important to note, strikes the House provision known as the Durbin amendment on the same subject. Let me suggest that the House amendment is absolutely onerous, and places an unfair obligation on airport operators who refuse or are incapable of enforcing this ban, and would imperil their airport improvement grants from the aviation trust fund. That is absolutely patently unfair, punitive, and is certainly unlikely to achieve its goals. I am gratified that the Senate did not pursue that course of action.

So while I may not be in total sympathy on this issue because I have some reservations about the manner in which the temporary ban would be carried out, I certainly would suggest that it is more temperate, and certainly makes a lot more sense than the ban that was passed on the floor of the House of Representatives by a vote of 198 to 193.

I yield the floor.

Mr. SYMMS. Mr. President, will either Senator yield for a question?

Mr. LAUTENBERG. I would be happy to yield for a question.

Mr. SYMMS. I am curious about this because I have not made up my mind about this smoking ban question. But we have a small airline, Horizon. They do not allow them to smoke on that airline. It is my understanding Horizon does that. But it could be ABC Airlines.

Mr. LAUTENBERG. There is presently a rule on air carriers carrying less than 30 seats that prohibits smoking totally. That is any commuter line air taxi system, any airplane that has less than 30 seats. It is already banned under rules.

Mr. SYMMS. Is there any rule that would prohibit a private airline like one of the major airline carriers just from saying no smoking on our flights in less than 2 hours? My question is why do we have to have the Government do this? Is there any reason why the airlines cannot do it or they do not have the guts to do it? What is it?

Mr. LAUTENBERG. This we found from our discussion with the airline operators. Unless there is a firm rule to which they can point they find they are subject to all kinds of stress and tension within the cabin, with people arguing that they are arbitrary about the rules. Air Canada suspended smoking on some of its flights and found their flights are very popular but other airlines do not necessarily agree.

What they have asked us to do is be firm in the rule, supply a basis for monitoring and enforcing the rule and they would be happy to abide with it. They do not want to take, as we have heard, the initiative into their own hands and be arbitrary and competing for traffic one way or the other by banning or prohibiting smoking.

Mr. SYMMS. Did I understand the Senator to say earlier, Mr. President, that it was a \$2,000 fine?

Mr. LAUTENBERG. For tampering with a device that is designed to detect smoking in airliners. Typically that is in the lavatory because it was suggested that maybe people in order to grab puff or two would go into the lavatory and light up. That is very dangerous for one thing. Second, tampering with any smoke detector device is obviously or could be life threatening in an airliner. So we have established a fine that seems to be enough to discourage them.

Mr. SYMMS. If someone happens to smoke on the plane.

Mr. LAUTENBERG. If someone happens to smoke, they are subject in accordance with the language to a \$1,000 fine for breaking the rules.

Mr. SYMMS. A \$1,000 fine?

Mr. LAUTENBERG. Right, \$2,000 for tampering with the smoke detector.

Mr. SYMMS. I understand what the Senator is trying to get at. I feel a little uncomfortable about \$1,000 fines



for people who might smoke a cigarette. Do they believe this will really improve the air quality on airplanes?

Mr. LAUTENBERG. Substantially. We have a report from the Surgeon General, as you heard me say, and a report from the National Research Council as well, that passive smoking, environmental tobacco smoke, can be injurious to one's health; \$1,000 is a pretty discouraging thing, and the fine can go up to as much as \$4,000 if the enforcement people recommend that.

Mr. SYMMS. I certainly do not claim to be an expert in this at all. I have been told by some people that the air in airliners in general is not what you call high-quality air. If someone smokes a cigarette, it accentuates how poor the air-conditioning is. So the airlines would like to get it off. I wonder why they would not do it themselves, and why they cannot work out some accommodation instead of asking. Once again, this is another Big Brother movement. We have had to regulate the drinking age, and the speed limit and now whether or not you can smoke a cigarette. I do not know what is next. But I feel uncomfortable personally as one Member of the Senate, and I do not smoke on airlines.

So I can appreciate the recognition that it does not do anything to improve air quality. I am not so sure that it really hurts air quality as much as the advocates of this are saying, because I think there is another side that says air quality is poor on airplanes and if you did anything that would add to the aroma, people would notice that the air-conditioning is not good, so to speak.

Mr. LAUTENBERG. The Senator is right in his comments about the fact that air quality in aircraft is subject certainly for review. We have had several discussions about examining air quality altogether. It is very poor because, as perhaps the Senator heard, planes have become more efficient, and they use less outside air. We are talking about recirculated air, and adding cigarette smoke and other contaminants in the air makes it worse.

Again, in some degree of uniformity, health groups have asked and it has been concurred in by airline operators that rules ought to be established to make it uniform throughout the system. This is the approach we took.

There is as the Senator knows in the House bill a prohibition on 2 hours of smoking. However, that was supposed to be monitored by airport authorities. That really seems unworkable. What we have done is combined their interests with a workable system, and not get the crews in gates making arrests and things of that nature but rather simply reporting it and letting the authorities take over.

Mr. SYMMS. I thank the Senator very much. It was the basic question that I originally meant to ask and I did not mean to take this much time. I apologize to my colleagues for that.

The basic question is the small commuter airlines that ban smoking on smaller airliners like metroliners, others, and it is a rulemaking process. And it is not something that the airline per se has done on their own.

Mr. LAUTENBERG. That is correct.

Mr. SYMMS. I thank the Senator.

I yield the floor.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, I rise today to support the airport smoking ban prohibition being included by the Appropriations Committee in the Department of Transportation appropriations bill. I commend in particular the distinguished Senator from New Jersey [Mr. LAUTENBERG] who authored this provision, for taking this initiative.

I congratulate the Appropriations Committee for extraordinary courage and wisdom in attempting to sort out the rights of Americans as it pertains to this very decision. I would urge my colleagues on both sides of the aisle to carefully consider the public health ramifications of the existing regulations governing smoking on domestic commercial airlines.

As the distinguished Senator from New Jersey, and the Senator from New York pointed out, we now have three important scientific reports documenting the health hazards posed to airplane passengers and crew by in-flight smoking. These reports, from the Surgeon General and the National Academy of Sciences, analyze the available scientific literature on the exposure of smokers to airborne tobacco smoke, known as involuntary or passive smoking. All three reports are consistent in their conclusions that this exposure is hazardous to health. The reports clarify that not only is involuntary smoking dangerous to the health of nonsmoking adults, but it is especially dangerous to infants and children and individuals with preexisting lung conditions who may be subjected to this smoke. The reports also state that simply separating smokers from nonsmokers in the same airspace is not sufficient to protect nonsmokers from airborne tobacco smoke exposure.

Moreover, the close proximity of passengers to one another in the cabin, the concentration of smokers in one end of the airplane, and the increasing use of air recirculation systems combine to result in the airplane passenger cabin environment being permeated with tobacco smoke. For flight attendants attempting to work in this close atmosphere, there is no door or window to open to get a breath of fresh air. The immediate effects of this tobacco smoke exposure can cause dizziness, nausea, headaches, watery eyes, and coughing. All of this could potentially hamper their capacity to react quickly and effectively in an emergency situation.

The long-term effects of this exposure are just beginning to be apparent, as only recently have flight attendants been able to make this occupation a long-term career. In addition, the available scientific evidence documenting the special susceptibility of infants and children to the adverse effects of involuntary smoking in closed environments should cause us special concern. Many more families with children are traveling by air than ever before. In addition, we should consider how the involuntary exposure to smoking affects the health of elderly and frail individuals. Many elderly individuals have preexisting health conditions or allergies which make their reactions to tobacco smoke exposure potentially life threatening. Under present conditions, many are either precluded from traveling by air completely, or suffer severe acute problems as a result.

A ban on smoking on domestic flights of 2 hours or less is a reasonable, rational response to the mounting scientific evidence demonstrating the hazards posed by involuntary smoking. This ban would benefit the health of all passengers. It is especially needed by the young, the elderly, and the frail. It would also address the special hazards which smoking poses to airplane crew members. The problem merits immediate attention. This is our opportunity. I urge my colleagues to support the committee's provision.

Mr. President, I appreciate that the issue is one of great controversy and that there are many rights to be asserted. This is an issue ultimately in which decisions must be made by Members. They must come down on the side of health and security and safety for those who are affected. At least, I would hope that is the side they come down on.

I appreciate the questions to be raised as to who the regulating authorities ought to be, and the committee, in my judgment, has tried to consider options that have been afforded to it. I would commend the solution that the committee has arrived at. It seems to me to be sensible, reasonable, and it can be said that the time has come for this type of consideration.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, this provision is sensible and reasonable to those who are on one side of the argument. It is not sensible and reasonable to the 200,000 small family tobacco farmers in 23 States.

I am careful to note that not one Senator has spoken in favor of this amendment who has a constituent interest. It is very easy to attack somebody else's industry in another State. So, here we go again.

First of all, I am obliged to oppose the committee amendment that would ban the use of a product, an agricultural product, that is entirely legal and lawful. There is legislation in this appropriation bill that bans the use of



tobacco on airlines, but it does not say a mumbling word about people who get drunk on airlines.

I find it offensive, sometimes, when a man sitting next to me gets one drink after another; he gets talkative; he blows his breath in my face. I do not like that. Sometimes I move; sometimes I cannot move. But, no, you are not going to find a mumbling word about the liquor drinkers on airlines.

There are 200,000 small family tobacco farmers in 23 States, and I mention that for the purpose of emphasis. They work hard. They grow a crop that is entirely legal. Many of these families are carrying on a tradition that goes back to the first days of this country.

By banning this legal agricultural product, without hearings—and without debate, I might add—and strictly contrary to the rules of the Senate, we are sending a dismal message to these farmers. They have not had a chance to state their case. This was done in the Appropriations Committee, and I am going to address that in a little bit.

I have letters from distinguished leaders of my State: The Governor, Jim Martin; the commissioner of agriculture, Jim Graham. I have letters from the Tobacco Growers Association, the NC Farm Bureau Federation, and the NC State Grain-Tobacco Committee. I am going to ask unanimous consent in a moment that these be printed in the RECORD. I will not do so at the moment.

Mr. President, I believe that the chairman of the Committee on commerce, Senator HOLLINGS, and the chairman of the Commerce Subcommittee on Aviation, Senator FORD, may come to the floor shortly to speak on this issue. They need not plan to come immediately, because I will speak for some time.

It is clear, Mr. President, that the Appropriations Committee has violated rule XVI of the standing rules of the Senate by legislating on an appropriation bill. But it goes further than that, and I will address that point in a minute. I realize that it is fairly standard practice to legislate on appropriation bills. It has been done in the past, it is being done now, and it will be done in the future. But most of the time when this violation of the Senate rule occurs, it is a matter of some sort of emergency, such as a farm disaster, and the rules are bent.

The interesting thing is that in the Appropriations Committee, by what really was a one-vote margin—a couple of Senators changed their minds when they saw that the issue was lost—this provision was included. Two Senators changed their minds because of the highly charged lobbying campaign that had been conducted, and I do not fault them for that. But they said: "Why should I have my hide burned by these high-powered lobbyists when it's lost anyhow?" So they changed their minds and voted for the amendment.

The interesting thing, also, is that the leaders of this provision on the Appropriations Committee had available to them a recommendation which is reasonable, which is sensible, sent to them by the distinguished Secretary of Transportation, who was attempting to handle this thing in a reasonable, sensible way, instead of cramming it down the throats of the 200,000 tobacco farmers in 23 States.

Let me read, if I may, Mr. President, what the Department of Transportation recommended that we do now. I quote the language that was suggested:

The Secretary shall undertake, and within two years of the date of enactment of this Act complete, a study to ascertain (1) the kinds and levels of contaminants from environmental tobacco smoke and other pollutants experienced in airliner cabins, under varying flight conditions and cabin ventilation variables, and (2) the health risks associated with the observed contaminant levels to airliner cabin occupants. At a minimum, such study shall evaluate and report on the following two approaches to improving cabin air quality: (A) a partial or total ban on smoking during flights involving specified ventilation equipment, aircraft types, duration of flight, or other relevant aspects of operation; (B) performance standards for the technology employed to control cabin atmosphere. On the basis of the results of such study, the Secretary shall propose to Congress recommendations to improve air quality in airliner cabins.

Even if that was legislation on an appropriations bill, had that language been reported out, I would have supported it because—to use the language of the distinguished Senator from Indiana, Mr. LUGAR—it is reasonable and sensible. But, no, by what effectively was a one-vote margin in committee, this harsh measure with no recourse is being rammed down our throats. And, of course, Senators are reluctant to back the tremendous lobbying effort that has been orchestrated.

Mr. LAUTENBERG. Mr. President, will the Senator yield for a clarification and a question?

Mr. HELMS. Yes.

Mr. LAUTENBERG. Is the Senator aware that the final vote in the appropriations full committee was a 12-to-7 margin in favor of the smoking ban?

Mr. HELMS. Twelve-to-seven. I am not sure, but I do know that the change of three votes would have put it the other way. The Senator agrees with that, does he not?

Mr. LAUTENBERG. The arithmetic is correct. But this is just for the record.

Mr. HELMS. I thank the Senator.

The question is obvious. Is this legislation an emergency issue with the airline industry? How does the public feel about this ban?

Well, according to data that I have, the air traveler consumer complaint report from the U.S. Department of Transportation, fliers in the United States do not believe that this is even among the top five issues that need to be dealt with.

So, with all due respect for those who cite all sorts of opinions and that sort of thing, where is the evidence?

I have a chart, if the Chair will bear with me, showing the complaints against U.S. airlines, January to June 1987, and January to June 1986.

You see the complaints: flight problems, baggage, refunds, customer service, smoking and other.

Now, there is no cacophony of voices demanding that Senate rules be violated in order to bring this matter before the Senate.

Mr. President, at this point I ask unanimous consent that a letter addressed to me dated October 22, by the Honorable James G. Martin, Governor of North Carolina, be printed in the RECORD.

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

STATE OF NORTH CAROLINA,  
OFFICE OF THE GOVERNOR,  
Raleigh, October 22, 1987.

HON. JESSE HELMS,  
U.S. Senate, Dirksen Office Building, Washington, DC.

DEAR SENATOR HELMS: I understand that a Senate Subcommittee on Transportation will soon hear testimony concerning banning smoking on airline flights.

I am dismayed by such spirited efforts in Washington to inhibit the use of a perfectly legal crop—a crop that forms the economic base of North Carolina's agriculture. Thousands of our state's farmers would be adversely affected by such unwarranted restrictions.

In 1985, your strong leadership was instrumental in revamping the state's tobacco program. In the short time that has lapsed, the program has begun to stabilize. Actions such as those proposed by the subcommittee could result in disruption of the entire program.

I know I and the farmers of this state can depend upon your unyielding support of North Carolina's most profitable agricultural commodity.

Sincerely,

JAMES G. MARTIN.

Mr. HELMS. Mr. President, Governor Martin said:

I am dismayed by such spirited efforts in Washington to inhibit the use of a perfectly legal crop—a crop that forms the economic base of North Carolina's agriculture. Thousands of our State's farmers would be adversely affected by such unwarranted restrictions.

And the letter goes on.

Mr. President, the North Carolina Commissioner of Agriculture is James A. Graham. I have known him all of my adult life. He is a very fine public servant. He says:

For many years, smoking and nonsmoking on airlines has been an acceptable accommodation. I am informed that the airline complaints on smoking is a very small percentage of the complaints they receive. Efforts to ban smoking entirely is reaching a radical point, and is being promoted by people who do not wish to consider any available scientific information or the general welfare of thousands of people.

He is referring to the thousands of farmers and others who make their living growing and selling tobacco.



It may well be that after reasonable consideration, as suggested by the Department of Transportation, that all smoking would be banned. But that is not what is proposed here. They say do it now or begin to do it now because we want it done now and we are willing to violate the Rules of the Senate to do it.

Mr. President, I ask unanimous consent that the letter from Commissioner Graham be printed in the RECORD.

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

STATE OF NORTH CAROLINA,  
DEPARTMENT OF AGRICULTURE,  
Raleigh, October 24, 1987.

HON. JESSE HELMS,  
Dirksen Senate Office Building,  
Washington, DC.

DEAR SENATOR: I know you share my concern relative to the effort being made to ban smoking on airlines.

For many years, smoking and nonsmoking on airlines has been an acceptable accommodation. I am informed that the airline complaints on smoking is a very small percentage of the complaints they receive. Efforts to ban smoking entirely is reaching a radical point, and is being promoted by people who do not wish to consider any available scientific information or the general welfare of thousands of people.

Tobacco is taxed to the hilt and tobacco foes continue to push for tax increases. A minimum of 200,000 farm families derive their livelihood from tobacco production. Thousands of nonfarm people are employed in manufacturing and sales of tobacco products.

Revenue generated from tobacco exceeds \$9 billion in local, State, and Federal taxes. One fourth of North Carolina's gross income is generated from the production of tobacco.

Tobacco is a legal commodity. Legal to grow, manufacture, and sell to the consuming public. An attempt to ban smoking is simply denying a citizen his or her legal right. The common sense approach of smoking and nonsmoking sections on airlines or in any other place of business or public accommodation is the correct procedure that should be followed.

Senator, I earnestly ask that you use all the influence you command to prevent any legislation banning smoking on airlines.

With all good wishes.

Cordially,

JAMES A. GRAHAM.

Mr. HELMS. Then Rick Apple, who is president of the Tobacco Growers Association of North Carolina, Incorporated, said:

I am not a good enough economist to cite data and statistics on this question, but I don't think numbers are needed. The effects of these restrictions would be obvious: Fewer cigarettes would be smoked. Consumption would decline. Manufacturers would purchase less tobacco at our auction markets. Farmer quotas would be lowered. And the economic pressure on tobacco farmers, which has just begun to ease off in the last year, would be intensified again.

We don't need that. North Carolina doesn't need that. I don't see how the United States needs that, especially when I'm told that more than 80 percent of flying passengers are satisfied with the current arrangement on smoking sections on airplanes and would not want a change.

I ask unanimous consent that this letter be printed in the RECORD.

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

TOBACCO GROWERS ASSOCIATION OF  
NORTH CAROLINA, INC.,  
Raleigh, N.C., October 21, 1987.

Senator JESSE HELMS,  
SD 403, Dirksen Senate Office Building,  
Washington DC.

DEAR SENATOR HELMS: I am writing to encourage you in your efforts to prevent further restrictions on commercial airline flights. I want to assure you and anyone who might have any doubts that restrictions of the type that are being proposed will have an impact outside air travel. By that I mean that they will have a negative effect on tobacco farmers like myself.

I am not a good enough economist to cite data and statistics on this question, but I don't think numbers are needed. The effects of these restrictions would be obvious: Fewer cigarettes would be smoked. Consumption would decline. Manufacturers would purchase less tobacco at our auction markets. Farmer quotas would be lowered. And the economic pressure on tobacco farmers, which has just begun to ease off in the last year, would be intensified again.

We don't need that. North Carolina doesn't need that. I don't see how the United States needs that, especially when I'm told that more than 80% of flying passengers are satisfied with the current arrangement on smoking sections on airplanes and would not want a change. Also, all reliable studies have shown that smoke on airplanes is not a health hazard, and there's never been a fire death on a major airline associated with cigarette smoking.

Please let this association know any way it can help you in turning back this proposal. Anything you can do in this area will be in the best interests of the growers.

Yours truly,

RICK APPLE,  
President.

Mr. HELMS. I thank the Chair. Then there is a letter from the Bertie County Farm Bureau. The President there is Mr. John W. Stallings, a fine citizen. I know him well.

He addresses the same problem, and there is no point in my quoting from his letter, because I am going to put it in the RECORD at this point. I ask unanimous consent that this letter be printed in the RECORD.

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

BERTIE COUNTY FARM BUREAU,  
Windsor, NC, October 19, 1987.

Senator JESSE HELMS,  
Washington, DC.

DEAR MR. HELMS: This morning's TV news carried details of a naval strike against an Iranian oil platform in the far East. News later today indicated a 250 point drop in the Dow and still going down. We live in perilous times. It's time for our representatives to lower their rhetoric and start working together for the good of our country (not personal or party politics).

This letter is to say "Thank You" for putting your country first and to ask you to continue to oppose restrictions and punitive measures against tobacco.

As you well know, eastern North Carolina farmers pay their bills with their income from tobacco. Eliminating that source of income would put over 50% of them out of farming. The proposal to ban smoking on

airline flights is just another restrictive measure in a long series designed to eliminate tobacco. The proposal to double the excise tax is just another punitive approach to accomplish the same end.

Our tobacco growers commend you for your efforts in the past and ask you to continue to oppose these measures in every way you can.

Sincerely,

JOHN W. STALLINGS, President.

Mr. HELMS. I thank the Chair.

Now, Fred G. Bond, who is chief executive officer of the Flue-Cured Tobacco Cooperative Stabilization Corp., has written to me. He said:

In addition to the American citizen's basic right to smoke, there are many other reasons to oppose the pending action to ban smoking on domestic airline flights. Among these are:

(1) Every airline passenger is presently guaranteed a seat in the non-smoking section, even if the smoking section must be reduced or eliminated to accommodate non-smoking passengers.

(2) A 1987 Airline Pilots Association poll determined that 87% of passengers believe that the current practice of separating smoking and non-smoking seating is a reasonable policy and respects the rights of all passengers.

(3) The National Academy of Sciences said there is no evidence in scientific literature showing casual exposure to tobacco smoke in public places is a health risk.

(4) Federal aviation agencies have considered rules for smoking aboard aircraft for decades in nearly a dozen rulemakings. All proposals to ban smoking have been rejected.

I ask unanimous consent that Mr. Bond's letter be printed in the RECORD at this point.

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

FLUE-CURED TOBACCO  
COOPERATIVE STABILIZATION CORP.,  
Raleigh, NC, August 19, 1987.

HON. JESSE HELMS,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR HELMS: The tobacco growers you represent and all American citizens exercising their right and privilege to smoke need your help in the fight against the continuing efforts of anti-tobacco crusaders who have made it their goal to attain a smoke-free society by the year 2000.

In light of the smoking ban on flights of two hours or less which passed in the House last month, regular increases in state and federal cigarette excise taxes, attempts to ban advertising and promotion of tobacco products, and smoking restrictions in the workplace and in public areas, the numbers of people who are directly affected by such actions cannot afford to let one more right and privilege be taken from them.

Bills denying the rights of smokers are defeated in Congress with very narrow margins. Many times we see such action taken on the House floor without prior congressional hearings or substantive discussion of the issue. Since there is no limit to the tactics of anti-smoking zealots, it is imperative that aggressive action be taken by our Congressional leaders to protect the rights and livelihoods of tobacco farmers and the American public.

In addition to the American citizens' basic right to smoke, there are many other reasons to oppose the pending action to ban



smoking on domestic airline flights. Among these are:

(1) Every airline passenger is presently guaranteed a seat in the no-smoking section, even if the smoking section must be reduced or eliminated to accommodate non-smoking passengers.

(2) A 1987 Airline Pilots Association poll determined that 87% of passengers believe that the current practice of separating smoking and non-smoking seating is a reasonable policy and respects the rights of all passengers.

(3) The National Academy of Sciences said there is no evidence in scientific literature showing casual exposure to tobacco smoke in public places is a health risk.

(4) Federal aviation agencies have considered rules for smoking aboard aircraft for decades in nearly a dozen rulemakings. All proposals to ban smoking have been rejected.

Your aggressive action and commitment to prevent the proposed smoking ban on domestic aircraft will be greatly appreciated by all Americans, but in particular, by those you represent who will be economically harmed and deprived of their freedom of choice.

Sincerely,

FRED G. BOND,  
Chief Executive Officer.

Mr. HELMS. Mr. President, I have another letter from Bob Jenkins, W.B. Jenkins, who is president of the North Carolina Farm Bureau Federation. In it, he said:

We believe the current restrictions provide adequate safeguards and further restrictions are unwarranted. Further, we believe the overwhelming majority of the flying public to be satisfied with the current restrictions.

I ask unanimous consent that the full text of Bob Jenkins' letter be printed in the RECORD at this point.

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

NORTH CAROLINA  
FARM BUREAU FEDERATION,  
Raleigh, NC, August 21, 1987.

HON. JESSE HELMS,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR HELMS: It has come to my attention that the Subcommittee on Transportation of the Senate Committee on Appropriations plans to hold a hearing in the near future on the issue of banning smoking on airlines. As we view the makeup of that Subcommittee, it does not appear that the tobacco industry nor smokers can count on any of the members to be friendly toward the right of the individual to engage in his or her pleasure during commercial flights.

You are aware of the current restrictions imposed on travelers who enjoy smoking. Smoking on flights is already sharply restricted and passengers are guaranteed no-smoking seats, even if the designated smoking area has to be reduced or eliminated.

We believe the current restrictions provide adequate safeguards and further restrictions are unwarranted. Further, we believe the overwhelming majority of the flying public to be satisfied with the current restrictions.

I ask your help in getting the message to the Transportation Subcommittee that it should make no changes in the current regulations with regard to smoking on commercial airlines.

Your assistance will be greatly appreciated.

Sincerely,

W.B. JENKINS, President.

Mr. HELMS. John Cyrus, an important citizen from North Carolina, has been on the faculty of North Carolina State University, and has served our State and Nation well. He writes about the same subject, and he encloses a fact sheet which, as he puts it, "unquestionably shows that the current smoking and no-smoking seating areas on airlines have been very satisfactory with no discomfort to anyone."

I ask unanimous consent not only that John Cyrus' letter be printed in the RECORD, but also that the fact sheet which he submitted be printed in the RECORD.

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

CYRUS TOBACCO  
CONSULTANTS, INC.,  
Raleigh, NC, October 3, 1987.

HON. JESSE HELMS,  
U.S. Senate, Dirksen Building, Washington, DC.

DEAR SENATOR HELMS: First, I want to thank you for your untiring efforts and good judgement in trying to serve the best interest of our great state and nation on many vital issues. I especially thank you for your diligent efforts that saved our tobacco program. There is no question that we would not have a tobacco program today were it not for your influential efforts and input.

As you are aware, tobacco leaders in North Carolina are very concerned about the proposed airline smoking ban which has been given a favorable report by the Senate Appropriations Committee. I realize that you are not a member of the Appropriations Committee; however, I urge you to use your influence with your colleagues to defeat the airline smoking ban amendment when it comes to the senate floor. I know that we can count on your influence and strong opposition to help defeat this bad amendment.

Enclosed is a "Fact Sheet" that unquestionably shows that the current smoking and no-smoking seating areas on airlines have been very satisfactory with no discomfort to anyone. Therefore, I, and the several organizations that I represent, feel very strongly that there should be no change in the current policy on airline smoking and no-smoking areas at this time.

Thank you again for your sincere efforts to represent the best interest of North Carolina and the nation as a whole in the United States Senate.

Sincerely,

JOHN H. CYRUS,  
Secretary, N.C. State Grange  
Tobacco Committee.

#### POINTS TO REMEMBER ABOUT SMOKING ABOARD AIRCRAFT

Legislation to ban smoking on board commercial aircraft is unwarranted and inappropriate for many reasons. Among them:

Smoking aboard aircraft is already sharply restricted; every passenger is guaranteed a "no-smoking" seat—even if a smoking section must be reduced or eliminated to satisfy that guarantee.

A 1987 Airline Pilots Association poll determined airline passengers, by a margin of 87 percent to 12 percent, believe that the "current practice of separating smoking and non-smoking passengers is a reasonable policy that respects the rights of each."

The National Academy of Sciences said late last year that there's nothing in the scientific literature showing casual exposure to tobacco smoke in public places to be a health risk. That includes airplanes.

Measurements of nicotine in aircraft cabins indicate that the amount of cigarette smoke in the nonsmoking section is so small that it would take the equivalent of 224 hours, or nine days of non-stop flying, for nonsmokers to be exposed to the "nicotine equivalent" of a single cigarette.

A smoking ban would pose serious compliance problems, and significant administrative and practical problems for airlines and passengers alike.

Some say aircraft smoking may present a "fire hazard" in the skies. But, according to National Transportation Safety Board records, since 1970, not a single airline fire has been determined to have been smoking related.

The Airline Pilots Association is particularly concerned that smoking bans may create an on-board fire hazard, by encouraging surreptitious smoking, especially in lavatories.

Federal aviation agencies have considered rules for smoking aboard aircraft for decades in nearly a dozen rulemakings. After exhaustive reviews, all proposals to ban smoking have been rejected.

Mr. HELMS. Mr. President, I thank you very much. I am going to do an unusual thing, Mr. President, I am going to send to the desk my copy of the Standing Rules of the Senate, page 10, rule XV, paragraph 5. I have it yellow overlined so the clerk can read it. I send it to the desk, and I ask unanimous consent that the clerk read it into the RECORD.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: From the Standing Rules of the Senate, page 10, rule XV, paragraph 5:

It shall not be in order to consider any proposed committee amendment (other than a technical, clerical, or conforming amendment) which contains any significant matter not within the jurisdiction of the committee proposing such amendment.

Mr. HELMS. I did that for the point of emphasis, Mr. President.

And now, I raise a point of order under rule XV, paragraph 5, that this amendment is not in order.

Mr. LAUTENBERG. Would the Senator withhold that point of order for a quorum call? Is the point of order being raised?

Mr. HELMS. Yes, sir. I would like for the Chair to rule on it and then we could put in a quorum call.

Mr. LAUTENBERG. I would have to raise the defense of germaneness, Mr. President.

The PRESIDING OFFICER. The Senator will suspend.

The Senator from North Carolina is making his point of order based on rule XV, is that correct?

Mr. HELMS. Rule XV, yes, sir; paragraph 5.

The PRESIDING OFFICER. The Chair rules that the defense of germaneness is applicable to rule XVI, not rule XV.

Mr. LAUTENBERG. Mr. President, the original unanimous-consent re-



quest obviated any point of order except under rule XVI, am I not correct? Would the Parliamentarian give us a response to that?

Mr. HELMS. Mr. President, before the Chair rules, it was clearly stated to me by the manager of the bill that this provision was excepted out and that points of order would lie. And I shall be very distressed if I find that some unanimous consent other than that has been obtained.

The PRESIDING OFFICER. The Senator is correct. The amendment is an excepted amendment. No points of order have been waived. The Chair is now prepared to rule.

The Chair rules that the amendment before the Senate at this time does contain material that is under the jurisdiction of another committee and does violate the rule XV, paragraph No. 5. So the point of order is sustained.

Mr. LAUTENBERG. I appeal the ruling of the Chair.

The PRESIDING OFFICER. The Senator has a right to appeal the ruling of the Chair.

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

The PRESIDING OFFICER. The appeal is debatable.

Is there a sufficient second for the yeas and nays? There appears to be a sufficient second.

The yeas and nays were ordered.

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

Mr. LAUTENBERG. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

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

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

Mr. BYRD. Mr. President, I wonder if the Senators would be agreeable to voting on the appeal tomorrow morning at 9:30? And that that be a 30-minute rollcall vote?

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, speaking for myself, I think that is fine. That will give the Senators a little time to think about it.

Mr. BYRD. How about the manager?

Mr. LAUTENBERG. I have no objection.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Hearing none, that will be the order.

Mr. HELMS. Mr. Leader, I had a memory lapse. There may be some Senators, Senator Ford, Senator SAN-

FORD who was here shortly, others, who want to speak on this.

Could we possibly move the vote up to 10 o'clock and give them time?

Mr. BYRD. Yes.

Mr. President, I ask unanimous consent that at 9:30 a.m., the Senate resume consideration tomorrow of the pending bill. The pending question at that time will be on the appeal by Mr. LAUTENBERG of the ruling of the Chair, which upheld the point of order raised by Mr. HELMS.

I ask unanimous consent further that there be 30 minutes debate on the appeal to be equally divided between the manager of the bill, Mr. LAUTENBERG, and Mr. HELMS, and that the vote occur—I understand that is a rollcall vote already ordered—the vote to occur, then, at 10 a.m.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. BYRD. Very well, Mr. President, there will be no more rollcall votes today.

#### ORDER FOR RECESS UNTIL 9 A.M. TOMORROW MORNING

Mr. BYRD. Mr. President, I ask unanimous consent when the Senate completes its business today it stand in recess until the hour of 9 o'clock tomorrow morning.

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

#### MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order there be a period for morning business not to extend beyond the hour of 9:30 a.m. tomorrow and that Senators may speak during that period for not to exceed 3 minutes each.

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

#### DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, FISCAL YEAR 1988

The Senate resumed consideration of the bill (H.R. 2890).

Mr. BYRD. I ask unanimous consent that the pending amendment with the appeal be set aside temporarily; that the managers may proceed with other amendments this evening before the Senate goes out. I have already announced there will be no more rollcall votes today.

Mr. HELMS. Mr. President, reserving the right to object, will the Senator indulge me just about 1 more minute? I think I had not made myself clear on one matter and I want to clarify it.

The distinguished manager of the bill, Mr. LAUTENBERG, raised a question about it and I think I did not give him a clear answer.

Just so that the record will be clear, I said that the amendment lost in committee by one vote. But what I meant was that the amendment would have lost if three Senators had voted the other way. I know that two of them, and I think a third one, had gone to the meeting with the intent to oppose the provision. I am fairly certain about that.

But when they got there, the vote was already going the other way. It was sort of a hot button issue, so they voted in favor of the amendment.

I wanted to make that clear, because the distinguished manager of the bill raised the question about it. I am not a member of the Appropriations Committee. I was not there. I was operating on information that had been given me and I thank the Senator.

Mr. LAUTENBERG. I thank the Senator from North Carolina.

The PRESIDING OFFICER (Mr. EXON). Is there objection to the set-aside request?

Mr. HELMS. None whatsoever.

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

Mr. LAUTENBERG. Mr. President, that was the point I wanted to raise.

Without objection, the amendment has been temporarily set aside as we proceed with other business.

Mr. President, we have time now to deal with some colloquies on some other amendments which we would like to move on so that when we return in the morning, the only issue that will remain is the one that we have discussed prior to this point.

#### AMENDMENT NO. 1095

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. D'AMATO) proposes an amendment numbered 1095.

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

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

The amendment is as follows:

On page 40, line 4, strike \$419,512,000, and insert in lieu thereof \$424,050,000. And, on page 5, line 13, strike \$1,952,731,000, and insert in lieu thereof \$1,948,193,000.

#### OPERATIONS OF THE PANAMA CANAL COMMISSION

Mr. D'AMATO. Senator LAUTENBERG and I are cosponsoring a technical amendment to increase by \$4.5 million the appropriation for operations of the Panama Canal Commission. It will bring the total appropriation for this item back up to \$424 million—the original level reported by the Transportation Subcommittee.

This amendment is necessary to avoid triggering an unintended payment of at least \$10 million under the



Panama Canal Treaty to the Government of Panama. This automatic payment under the treaty would amount to nearly 30 percent of annual United States payments—about \$32 million—to Panama.

This technical amendment became necessary as a result of the full Appropriations Committee's decision to cut an amount equal to 1 percent from each account in order to fund increases requested by the President for the Coast Guard and the FAA. The Panama Canal Commission was inadvertently included in the 1-percent cut.

I have opposed further economic and military aid to Panama because of the many despicable acts committed by General Noriega and his continued disregard for the rights of the people of Panama. It would be a tragedy to generate unintended profit payments under the treaty when it can easily be avoided.

The Panama Canal Treaty of 1977, article XIII, paragraph 4(c), provides that payments of up to \$10 million are to be made to Panama, out of appropriations, to the extent that operating revenues exceed expenditures of the Commission. The administration requested \$430 million for canal operating expenses in fiscal year 1988; however, the Commission has revised its revenue estimates and now needs only \$424 million to avoid a large profit payment to Panama. Our amendment would provide that level of funding.

Since fiscal year 1980, the United States has paid Panama \$6.9 million under this provision of the treaty. It recently paid an additional \$2 million in profits earned by the Commission in fiscal year 1986. Moreover, the so-called profit payment is cumulative and any reduction in the appropriation request would generate a profit which would be payable to Panama in the future. There is now \$73.1 million payable to Panama under the profit-payment provision. About \$10 million would be added to that sum if we fail to pass this amendment.

The amendment moves \$4.5 million from Coast Guard operations to canal operations—not a penny is added to the bill.

A cut of Commission funds will simply result in treaty-mandated profit payments to Panama, rather than reducing the deficit. That is why Congress exempted the Commission from the Gramm-Rudman-Hollings law.

Mr. President, this is a technical amendment to increase by \$4.5 million the appropriations for the operation of the Panama Canal Commission to bring the total appropriation for this item back to the original amount reported by the Transportation Subcommittee.

Mr. President, this amendment is absolutely essential. I move its adoption.

The PRESIDING OFFICER. Is there further debate on the amend-

ment? If not, the question is on agreeing to the amendment.

The amendment (No. 1095) was agreed to.

Mr. D'AMATO. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LAUTENBERG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### AMENDMENT NO. 1096

(Purpose: To provide funding for the Congressional Award Board)

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

The PRESIDING OFFICER (Mr. ROCKEFELLER). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. D'AMATO) proposes an amendment numbered 1096.

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

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

The amendment is as follows:

On page 41, between lines 17 and 18, insert the following:

#### CONGRESSIONAL AWARD BOARD

##### CONGRESSIONAL AWARD PROGRAM

Notwithstanding any other provision of law, there is appropriated to the Congressional Award Board (established by Public Law 96-114; 2 U.S.C. 801) the sum of \$275,000 to remain available without fiscal year limitation: *Provided*, That notwithstanding any provision of such Public Law 96-114, such sum shall be used by the Congressional Award Board in the same manner and for the same purposes, and subject to the same limitations, as are funds donated to such Board by private individuals.

Mr. D'AMATO. Mr. President, this is a noncontroversial amendment. It has been cleared on both sides of the aisle.

Mr. President, this amendment provides an emergency appropriation of \$275,000 to the Congressional Award Program to pay for salaries and other administrative purposes.

The Board of Directors has made every effort to develop a broad base of financial support from the private sector, raising approximately \$4.5 million during the last 7 years and will continue vigorous efforts to raise additional funds.

A funding raising campaign was launched by the national Board of Directors in the beginning of 1987 to secure renewable annual contributions from private sources. However, the lack of awareness of the program has hampered this effort.

The current fundraising efforts will not provide results in time to be of immediate assistance. Therefore, unless there is an emergency appropriation, the Board, in order to avoid incurring further debts, will have to seek the authority to close down the national office.

In order to maintain a national office until reauthorization in 1988, the Board, therefore, is seeking an appropriation of \$275,000 to meet expenses and to pay off existing loans. This appropriation will also have the effect of establishing the program nationally and raise public awareness of the program to attract private sector support.

Senators BYRD, DOLE, SIMON, and WALLOP—national Board members—support this amendment.

Mr. President, I move the immediate adoption of this amendment.

Mr. LAUTENBERG. Mr. President, we have approved this amendment. There is no objection on our side. It is a valuable program and the need for action is now.

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

The amendment (No. 1096) was agreed to.

Mr. D'AMATO. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LAUTENBERG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. I would like to engage the distinguished floor managers of the Department of Transportation and related agencies appropriations bill in a brief but very important colloquy.

There is a proposal before the Rhode Island Coastal Resources Management Council which would allow the development of a new ferry terminal in Great Salt Pond on Block Island. A major concern among my constituents is that this ferry terminal, if it becomes functional, could have an adverse impact on boating safety, both recreational and commercial, in Great Salt Pond. Large ferry boats cutting a path among hundreds of sailboats and other vessels could pose safety problems.

I would like the distinguished floor managers of the bill to strongly consider, during the House/Senate conference on this bill, requiring the Coast Guard, which has jurisdiction over boating safety considerations, to provide a detailed report addressing boating safety concerns if the proposed ferry terminal were approved.

Mr. D'AMATO. I thank the distinguished Senator from Rhode Island for raising this issue, and bringing this concern to our attention. I also am concerned that projects such as the proposed ferry terminal on Block Island take full account of safety considerations. I can assure the Senator from Rhode Island that I will give every consideration to including language in the House/Senate conference report that would require the Coast Guard to conduct a study to determine what effect the proposed ferry terminal would have on the safety of boats using Great Salt Pond.



Mr. LAUTENBERG. I share the same concerns as my colleague from New York, and concur with his statement.

Mr. CHAFEE. I thank my colleagues for their consideration.

#### HIAWATHA AVENUE CORRIDOR DEMONSTRATION PROJECT

Mr. DURENBERGER. Mr. President, the House-passed Department of Transportation and related agencies appropriations bill (H.R. 2890) contains \$9.8 million for an intermodal urban demonstration project in Minneapolis, MN. This project, first authorized 1974, involves the upgrading of Hiawatha Avenue between Franklin Avenue and 59th Street, South.

As the chairman and ranking member may recall, the fiscal year 1986 appropriations bill contained \$2.75 million for advance design and engineering of the project. Last year, in passing the fiscal year 1987 appropriations bill, my constituents were the beneficiaries of an additional \$10 million in funds of the project.

And so it is with some surprise that I note that the House-recommended funding for this project has been deleted. In light of the committee's past support of this project, I wonder if the two managers could respond to a series of questions I have about the committee's action.

First, Mr. President, can the chairman explain why funds for this project were deleted.

Mr. LAUTENBERG. Mr. President, I would be delighted to. First, as the distinguished senior Senator from Minnesota knows, in an attempt to stay within its 302(b) allocation the committee was forced to delete funds for virtually every House project. Most of these projects, including the Hiawatha project, were very meritorious, and it troubled the committee to delete them. But we really had no choice.

Mr. D'AMATO. Mr. President, I want to associate myself with the chairman's comments. We had both received written and verbal communications from both of the Minnesota Senators prior to the subcommittee's markup of the legislation, a fact which made our decision even more difficult to make. But in the end, and as the chairman stated, we had no choice but to delete funds for virtually every House project.

Mr. DURENBERGER. Mr. President, I wonder if my two distinguished colleagues could indulge me in one further question. If I recall correctly, we have had similar colloquys on this project in the past. Both Senator BOSCHWITZ and myself, in our continuing efforts to serve the State of Minnesota, have sought reassurance from the subcommittee that our project would not be forgotten in conference. And while the chairman and ranking member were unable to give us an ironclad commitment to recede to the House position on this project in the

past, my faith has always been restored when the conference report is filed, as funds have always been forthcoming. What I would like to ask my two colleagues at this point is whether the committee is likely to respond as it has in the past?

Mr. LAUTENBERG. Mr. President, as the new chairman of the Subcommittee on Transportation, I want to reassure my colleagues from Minnesota that, if anything, I am consistent. I place a great deal of importance on precedent, and the past support for this project is a strong precedent indeed. Accordingly, while I am unable to state unequivocally that the House position on this project will prevail in conference, I will say that if you had asked me this question 1 month ago I would have told you that this project's chances were greater than the Twins winning the World Series. In short, I will do everything I can to accommodate the needs of the World Champion Twins and their Senators.

Mr. D'AMATO. Mr. President, the chairman makes an excellent point here. First, the committee's action should not be seen as its view on the merits of the project. As our past actions indicate, we believe this is an excellent project.

Second, and on a lighter note, last July, when the Yankees were tearing through the American League West, I felt very confident that the East would represent the American League in the World Series. I did not give the Twins a chance of winning the West, let alone beating the Eastern Division champ for the right to advance to the Series. But I was wrong about the Yankees and the Twins. And I will do my best to make amends for the committee's position on this most important project when we go to conference with the House.

Mr. BOSCHWITZ. Mr. President, I want to associate myself with the comments made by all of the Senators concerned. This project is extremely important to Minnesota and it is somewhat disheartening to see it fall victim to the realities of the appropriations process in the Senate. The comments of my colleagues have made the lack of funding in the Senate bill a little easier to bear.

#### NORTH CHANNEL BRIDGE REPLACEMENT PROJECT

Mr. D'AMATO. I would like to engage the very distinguished chairman of the Transportation Appropriations Subcommittee in a brief colloquy concerning a very important bridge project.

Mr. LAUTENBERG. I would be pleased to join my friend in a discussion of this project, with which I am familiar.

Mr. D'AMATO. I thank my colleague. It is my understanding that the highway bill which was enacted into law earlier this year authorized \$225 million annually for the discretionary Highway Bridge Replacement and Rehabilitation Program.

Mr. LAUTENBERG. The Senator is correct.

Mr. D'AMATO. It is also my understanding that historically the Federal Highway Administration is generally responsive to the views of Congress in allocating these discretionary funds, and has sometimes given preference to bridges which Congress has identified for priority treatment.

Mr. LAUTENBERG. My colleague is again correct.

Mr. D'AMATO. As the manager knows, the North Channel Bridge over Jamaica Bay in Queens, NY, is in terrible condition. It has been rapidly deteriorating over the past several years, and the drawbridge over the main channel has not been operable since 1978. This bridge, which carries about 24,000 vehicles daily, is urgently in need of replacement. In addition it provides the only access from the Queens mainland to the community of Broad Channel. Does the Senator agree that this important project should be accorded full consideration by the Federal Highway Administration?

Mr. LAUTENBERG. I understand and share the Senator's concerns with this project, which I believe deserves to be carefully reviewed by FHWA.

Mr. D'AMATO. I thank the manager for his views and his comments.

Mr. CHILES. Mr. President, each appropriations bill is subject to a spending limit known as a 302(b) allocation. As chairman of the Senate Committee on the Budget I am pleased to report that the transportation appropriations bill, H.R. 2890, is under its 302(b) budget authority ceiling by less than a million dollars and under its 302(b) outlay ceiling by \$100 million. I commend the distinguished chairman of the subcommittee, Senator LAUTENBERG, and the ranking minority member Senator D'AMATO for their success in crafting this bill.

Mr. President, I have a table from the Budget Committee showing the official scoring of the transportation appropriations bill and I ask unanimous consent that it be inserted in the RECORD at the appropriate point.

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

#### SENATE BUDGET COMMITTEE SCORING OF H.R. 2890

##### TRANSPORTATION—SPENDING TOTALS (SENATE-REPORTED)

(In billions of dollars)

	Fiscal year 1988	
	Budget authority	Outlays
Bill scoring:		
H.R. 2890, Senate-reported (new Budget Authority and outlays).....	11.1	9.9
Outlays from prior-year budget authority and permanent appropriations.....		17.5
Bills enacted this session: 1987 Supplemental (Public Law 100-171).....		+0.1
Adjustment to conform to mandatory programs to resolution assumptions.....	+ (1)	+ (1)
Bill total.....	11.1	27.4



## TRANSPORTATION—SPENDING TOTALS (SENATE-REPORTED)—Continued

(In billions of dollars)

	Fiscal year 1988	
	Budget authority	Outlays
Subcommittee 302(b) allocation.....	11.2	27.4
Difference.....	-0.1	-(1)
Comparisons:		
Bill total above (+) or below (-):		
President's request.....	+2.6	+1.2
House-passed bill.....	-0.1	+(1)

1 Less than \$50 million.

Note.—Details may not add to totals due to rounding.

Source: Prepared by Senate Budget Committee.

## BELLINGHAM AIRPORT MOBILE AIR CONTROL TOWER

Mr. ADAMS. Mr. President, I rise to discuss with the distinguished manager of the bill an issue of much importance to the State of Washington. The Bellingham International Airport in northwestern Washington is currently experiencing a significant increase in traffic. Since November 1985, passenger traffic has increased 260 percent. In recognition of this fact, and the safety ramifications of the increased traffic, the Department of Transportation Appropriations Act includes funds for the establishment of a mobile air traffic control tower at the Bellingham airport.

Senator EVANS and I appreciate the assistance of the distinguished manager of the bill in this matter. Both of us have discussed this issue a number of times with the distinguished manager and he has always been willing to consider our concerns. Establishing an air control tower at Bellingham is of critical importance in maintaining safety and performance standards at the airport and we hope that a mobile tower could become manned and operational as soon as possible; certainly no later than April 1, 1988.

Mr. LAUTENBERG. I thank the distinguished Senators from the State of Washington for bringing this matter to my attention. We have discussed this previously and I appreciate their concern for aviation safety. I would like to assure the Senators from Washington that it is the intent of the committee that funding for mobile air traffic control towers includes funding for personnel. Because the mobile tower in question is already constructed and the funds for Bellingham would become available immediately for fiscal year 1988, I would expect that the mobile tower would be operational very shortly thereafter.

Mr. ADAMS. We thank the distinguished manager for his assistance.

## PITT-GREENVILLE

Mr. SANFORD. Mr. President, I call to the manager's attention a situation in North Carolina which I find especially troubling.

In 1981 Pitt-Greenville airport was approved by the FAA for an instrument landing system. In late 1981, however, the FAA announced it would no longer install ILS systems but

would instead install the more advanced microwave landing system. Due to delays in implementation of MLS, improvements in the ILS, and widespread doubts about the value of the microwave system, the FAA has on a selected basis once again begun installing the ILS.

When the FAA approved Pitt-Greenville for an ILS, the airport enplaned 4,143 passengers annually. In 1988 Pitt-Greenville estimates they will enplane almost 45,000 passengers. It seems to me that no airport which enplanes over 45,000 people ought to have to do so without the benefit of an adequate landing system.

The FAA has recently notified Pitt-Greenville airport that they are scheduled to receive an MLS in December 1988. The problem is, there are currently no airports in North Carolina equipped with the microwave system. Furthermore, Piedmont Commuter and American Eagle, the two commuter lines that fly into Pitt-Greenville, have notified airport authorities that they have no intention of installing microwave receivers in the aircraft that fly into the airport. Therefore, the MLS will provide no benefit to either the airport or the airlines.

Mr. President, in the committee report accompanying the bill under consideration the committee states that it expects FAA to monitor air traffic operations in various locations with the objective of validating the need for additional instrument landing systems.

Would the Senator from New Jersey agree that the Pitt-Greenville Airport, which received prior FAA approval for an ILS with about 4,200 enplanements a year, and now expects to have about 45,000 next year, should be included among those locations to be monitored by FAA with the objective of revalidating its need for an ILS?

Mr. LAUTENBERG. I agree with that, and I appreciate my distinguished colleague from North Carolina bringing this matter to the committee's attention.

## FLINT-BISHOP

Mr. RIEGLE. Mr. President, I would like to address a question to the chairman of the Transportation Appropriations Subcommittee. The Flint-Bishop Airport, which is located in my hometown of Flint, MI, is currently undergoing expansion and modernization. One of the key features of this work involves the relocation of Bristol Road, which is the main access road to the airport.

The FAA has indicated that Bristol Road, in its current location, presents a hazard to aircraft. Indeed, there have been accidents involving aircraft in their final approach and vehicular traffic. This has caused the FAA to close 800 feet of one of the main runways. Thus, the efficiency of airport operations is severely constrained, as are any possibilities of expansion and modernization.

The FAA has further indicated that in order to permit larger aircraft, the Design Group IV models, on this runway with precision instrumentation, Bristol Road and the blast fence which is currently located there to protect traffic must both be relocated to provide for the FAA-required 1,000-foot runway safety area and the removal of FAA part-77 penetrations.

Mr. President, I note that the committee report accompanying this bill lists a number of airports for priority consideration in the allocation of AIP discretionary funds. I would like to ask the chairman of the Transportation Appropriations Subcommittee whether it would be possible to include Flint-Bishop airport on the FAA priority list for funding projects in fiscal year 1988.

Mr. LAUTENBERG. Mr. President, the committee has reviewed this matter, and we agree with the Senator from Michigan that Flint-Bishop airport should be placed on the FAA priority list for fiscal year 1988.

Mr. RIEGLE. Mr. President, I thank the distinguished chairman of the Transportation Appropriations Subcommittee for his consideration in this regard.

Mr. LAUTENBERG. Mr. President, I think that we have completed our business for the day and I yield the floor. Tomorrow morning we will return to this bill as requested by the majority leader under his unanimous-consent request made earlier. 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. DURENBERGER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

## THE MINNESOTA TWINS—WORLD CHAMPIONS

Mr. DURENBERGER. Mr. President, I ask unanimous consent to set aside the pending business so that I might send a resolution to the desk for immediate consideration by the Senate, a request which has been cleared on both sides of the aisle.

Mr. BYRD. Mr. President, there is no objection. It has been cleared on this side.

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

The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 307) to recognize and congratulate the Minnesota Twins as the World Champions of baseball.

## S. RES. 307

Whereas, the Stock Market has had troubles of late, there is unrest in the Persian Gulf, and the polar ice caps are melting, but



there is joy in the Upper Midwest because the Minnesota Twins won the World Series October 25, 1987 by defeating the tenacious and speedy Saint Louis Cardinals in a climactic seventh game; and

Whereas, the Minnesota Twins, who last year were 20 games below .500, in 6th place, and expected to have a similarly dismal year this year, overcame these adverse projections in the truest Minnesota underdog fashion to surprise the experts and win it all; and

Whereas, the Twins have top-notch management from Carl Pohlad, the owner who provided continual support and leadership, to President Jerry Bell who brought Minnesota the Dome, to Andy McPhail who comes from a long line of baseball leaders and recognizes talent, to Tom Kelly, the youngest manager in the major league and the fifth rookie manager to guide his team to a World Series victory and the first born in Minnesota; and

Whereas, Sunday's victory is the first World Series victory for the franchise since 1924—when the Twins were the Senators and played in Washington, D.C.; and

Whereas, fan support for the Twins during the play-off and the World Series played a key role in making the Minnesota Twins the only team in history to win the World Series without winning a game on the road and giving them the best home record in baseball; and

Whereas, Peter Ueberroth, Commissioner of Baseball, who said the Minnesota fans are the "best baseball fans I have ever seen" should have added "heard," since the roar of the fans frequently neared the decibel level of a jet taking off; and

Whereas, the Twins won the Series through a combination of well-known power, including two grand slams, and hitherto unrecognized stellar defense—the Twins had the best fielding percentage in the American League; and

Whereas, the Homer-hanky is now a household term as well as a rally flag inspiring the Twins to victory;

Whereas, a number of United States Senators, recognizing the quality of the Twins as a baseball team and the good natured enthusiasm of their fans, have accepted an offer to become honorary Minnesotans; and

Whereas, the Minnesota Twins have now shown the world what Minnesotans and citizens of the upper Midwest have known all along: they are a class act, and, along with their fans symbolizing for the world the Minnesota character: style, grace, under pressure, enthusiasm tempered by politeness, creativity and panache, and the will and determination to overcome odds of 150 to one and the doubts of baseball writers and fans alike;

Therefore, be it resolved, That the United States Senate recognizes and congratulates the Minnesota Twins as World Champions, both individually and as a team, epitomizing the highest standards of sporting competition and enthusiasm.

The Senate proceeded to consider the resolution.

Mr. DURENBERGER. Mr. President, I rise in support of the pending resolution commending and congratulating the Minnesota Twins on their first world championship. I do so with deep appreciation for and profuse congratulations to the Minnesota Twins' players, coaching staff, and management with the knowledge that I am probably about the 101st senior Senator from my State to rise in 101 consecutive years to do something similar to this, and the closest I am ever going

to get to the Cooperstown Baseball Hall of Fame.

Over the last two weekends, I have had the privilege of being a part of the greatest sports crowd in history. For four exciting games, I became a part of a pulsating, throbbing, 55,000 plus throng which roared its way into the record book. Everyone who was there can attest to the enormous amount of electricity and fervor which was generated and imparted not only to the Twins' players and fans, but to the entire World Series audience. Throughout Minnesota, I saw an aura of pride and determination emanating from every face. There was a universal intuition that this year, the Twins were destined to be world champions.

The manner in which the Twins won the world championship created several new chapters in the annals of the World Series. Down 3 games to 2, having lost three consecutive games in their opponent's stadium, the Twins valiantly rallied from behind to win the final two games at the Metrodome, thereby, winning the World Series and becoming world champions. The World Series, for the first time ever, was won entirely at home.

The Twins entered the season and post-season play unjustly underestimated by baseball's seers. The seers failed to fully gauge the character and competitiveness possessed by the Twins. They misjudged the energizing effect of the Metrodome generated by thousands of enthusiastic Twins fans. Consequently, they were greatly surprised when the fans they considered long suffering and stoic showed themselves to be ebullient. I could sense the electricity created by the ear-splitting din and clamor of the homer hanky waving fans inspired the Twins to invincible play.

On the road to the World Series, in the American League championship series, the Minnesota Twins stunned the Detroit Tigers by defeating the pride of the American League Eastern Conference 4 games to 1. This was the first time in 22 years that the Minnesota Twins had captured the American League pennant. This win created a showdown between the Twins and the St. Louis Cardinals, a classic confrontation between the power and youth of the Twins versus the speed and finesse of the Cardinals.

As I commend the Twins I cannot overlook the National League champions, the St. Louis Cardinals. All season long, it seems that the gremlins of mischief and misfortune conspired against the Cards. Despite plaguing adversity, the Cardinals played superb baseball, successfully fending off a late season surge by the New York Mets, to win the National League eastern division. The St. Louis Cardinals grabbed the National League pennant by defeating the powerhouse San Francisco Giants in an exciting come-from-behind seven-game play-off.

I might, as I am standing here, recognize the presence of the springtime

home of the Minnesota Twins. I remind everyone that Tinker Field in Orlando, FL, is the alternative home of the Minnesota Twins. It is each spring, in the sunshine of Florida, that this talent from the North sprouts, and in this particular year became the pride of America.

The scenario for the World Series was finally set. The Twins and their fans were confident that their power and enthusiasm would prevail against Cardinal speed and finesse. In addition, the prospect of four games in the Metrodome heartened even the most cautious Minnesota Twins fans.

The 1987 World Series was one of the most exciting series of all time. Each of the seven games was filled with tension and exhilaration.

In game 1 the Twins backed the sterling pitching effort of Frank Viola with an awesome display of offensive power culminating with Dan Gladden's grand slam, the fall classic's first since 1970.

In game 2, the Twins repeated the scenario of game 1 by backing Bert Blyleven's pitching with another prodigious display of offensive might, highlighted by Gary Gaetti's and Tim Laudner's home runs and Randy Bush's headfirst slide at homeplate.

In games 1 and 2, the impact of the Metrodome crowd was undeniable. The roar we generated was so intense that the Cardinals wore earplugs. When the Twins batted, the homer hankies were vigorously waved. In game 1, the decibel level soared to unprecedented heights when the loaded basepaths were cleared by Dan Gladden's grand slam. The combined effects of the Twin's play and the Metrodome's crowd could clearly be observed as the Cardinals play grew ever more tentative and demoralized.

However, in games 3, 4, and 5, played in St. Louis' Busch Stadium, the Cardinals regained their composure and used their superb pitching to hold the Minnesota bats at bay while resserting their baserunning prowess. In the process, the St. Louis Cardinals beat the Twins 3 to 1, 7 to 2, and 4 to 2.

In game 3, the Twins started the underappreciated Les Straker against the Cardinal ace John Tudor. For 6 innings they duelled. In the bottom of the 7th, the Twins took a 1 to 0 lead, but the Cardinals rallied using their peerless baserunning skills to score three runs.

Game 4 was all Cardinals as the Twins were stunned by Tom Lawless' second career home run. On the bright side, a Niekro, Joe, finally pitched in a World Series game.

In the final game at St. Louis, the courageous pitching effort of Bert Blyleven could not avail against the resurgent baserunning antics of the Cardinals. Vince Coleman stole two bases and scored twice as St. Louis won in the Cardinal way 4 to 2.

The Series now headed back to Minneapolis where the Twins would test



history to see if they could become the first team ever to win the World Series solely by victories at home.

Early in game 6 last Saturday, the St. Louis Cardinals took a 5 to 2 lead, taking advantage of struggling Minnesota pitching. But the Metrodome crowd would not allow the Twins to fail. With a steadily rising crescendo of crowd support, the Twins were motivated to reach down into themselves and awaken the long slumbering bats of Kirby Puckett and Kent Hrbek. In the fifth, as the decibel level rose, the Twins rallied to a 5 to 5 tie on Don Baylor's two-run homer. To the heightened din later in that inning, Steve Lombardozzi singled Tom Brunansky home for the sixth and game-winning run. Nevertheless, the outcome of the game still teetered in the balance when the Twins' Kent Hrbek smote the Cardinals' Ken Daley's first pitch deep into the centerfield seats for the Series second grand slam causing a deafening tumult. Almost as an anticlimax, the timely relief pitching of Berenguer and Reardon sealed the outcome of game 6 as a Twins victory.

The World Series championship now boiled down to a one-game confrontation. The Twins started the Series' soon-to-be announced most valuable player, Frank Viola, who endured a rocky second inning to pitch almost flawlessly through the end of the eighth. The Cardinals responded to Viola's superior pitching with one spectacular defensive play after another, particularly at homeplate, holding in check the spirited Minnesota offensive efforts. Finally, the Twins were able to breach St. Louis' defense and score the final two runs of their four run attack. The winning run was scored by Tom Brunansky as Greg Gagne beat the throw from third for an infield single. In the bottom of the eighth, the Twins scored an insurance run as Tim Laudner scored from first on Dan Gladden's double.

I can see why President Reagan was a baseball announcer and I was not.

In the top of the ninth, Twins manager Tom Kelly replaced Viola with ace reliever, Jeff Reardon, as he had done all season. From Reardon's first pitch it was clear that he had his best stuff and the "fat lady" could be heard warming up. Three outs later, pandemonium enveloped the metro-dome.

Mr. President, Sunday night, the Minnesota Twins lifted a heavy burden from the souls of Minnesota sports fans by refuting the spurious reputation of Minnesota as the "home of the runner up," condemned to a Teutonic angst by Loki, the mythological nordic god of Fortune and mischief. Despite the experts' evaluations, the Minnesota Twins made believers of all of us. For once, nice guys finish first.

Mr. President, I move the adoption of the resolution.

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

The resolution (S. Res. 307) was agreed to.

The preamble was agreed to.

Mr. DURENBERGER. 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. ARMSTRONG. 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 ECONOMY

Mr. ARMSTRONG. Mr. President, there are those who have a view of history that it is cyclical in nature, that it endlessly repeats itself. In fact, one of our most distinguished historians recently wrote a book which implied that history was an endless repetition of cycle after cycle, the same thing happened albeit to different people over and over again.

I do not know whether or not there are many in the Senate who believe that. I hope not; that is the pessimistic view of the situation, although if one is a keen viewer of human nature there is always plenty to be pessimistic about.

I myself hold a higher view of human capacity than to think we are obligated by some predetermined historical precedent to simply mindlessly repeat the mistakes and errors or even, for that matter, the triumphs of the past.

I think we have the ability within our hands at least to influence, if not to absolutely control, our destiny.

This comes to mind today because of the eerie parallel between what is happening in the stock market and the response of the Congress and the President with what happened this month 60 years ago.

As we all know in October of 1929 there was a cataclysmic drop in the value of stocks listed on the New York Stock Exchange and on that occasion in 1929 stocks dropped by some 52.9 percent, a parallel with our own time which is certainly, I think, a matter to give us all pause.

What concerns me, however, is that we would fail to learn from what happened in the days and weeks and years following what was then known as Black Monday when the stocks dropped by such a precipitous amount setting off a landslide resulting ultimately in a decline of about half of the value of stocks listed on the New York Stock Exchange.

What happened, which was forgotten, within a matter of a few weeks, stocks had recovered and by April in the year following not only had the New York Stock Market recovered what it had lost on Black Monday, it

had actually reached a level of 30 percent above its peak in October of the year before.

What happened then and why do we associate Black Monday with the start of the Great Depression?

Mr. President, I do not think the stock market triggered the depression. I think it was a response of Congress and the President to that occasion, and that is what concerns me tonight. It is the counsel which I hear whispered around the Chamber, in the cloakrooms, and even shouted on some of the editorial pages of our country that this Congress, the 100th Congress, ought to follow the precedent established by Congress 60 years ago and that our President should do exactly what President Hoover did.

Believe it or not, the first thing that President Hoover did was to announce that he was going to sign a highly restrictive piece of trade legislation, what came to be known as the infamous Smoot-Hawley Tariff Act. Is it a strange coincidence, a strange turn of fate, that there resides in the conference committee between the House and Senate a similar piece of restrictive trade legislation?

Well, the stock market's reaction to President Hoover when he said he would sign the infamous Smoot-Hawley bill was to decline, and sharply. Investors knew that the ability of foreign persons, foreign investors in the stock market, foreign debtors to repay loans from U.S. banks, depended on their ability to export freely to this country, a situation which is paralleled in our own times.

After Smoot-Hawley became law, many countries established retaliatory tariffs and the Nation's recession grew worse. In 1930, the gross national product fell 9.8 percent. In 1931, the GNP fell another 6.7 percent. This is very much on my mind today, Mr. President, because this morning I consulted privately with an economist whose judgment I trust. He is not one of the famous names, but, in fact, he is a person who is active on Wall Street and whose record is good.

His forecast for next year has been that the economy would grow, after adjusting for inflation, by approximately 3 percent in 1988. In light of what has happened, he believes that we will do well to have a flat economy in 1988 and that we may see a real decline of as much as 1 percent. We can live with this. I hope he is too gloomy. I hope his predictions will not prove true.

But the real danger is if we react in the wrong way to the market crisis by enacting legislation which looks like Smoot-Hawley. And we have got a humdinger of a trade bill which is being worked on right now by the Senate and the House conferees. I just hope that those conferees are mindful of what happened when President Hoover signed the Smoot-Hawley bill 60 years ago.



The second thing which happened in 1930 which economists and historians believe had a major influence in creating the debacle which has come to be known as the Great Depression is that the Federal Reserve sharply constricted the money supply.

Mr. President, everybody is second guessing what happened to the market and I guess this is my turn to do so. I am personally convinced that the catalyst—if you want to single out a single factor which more than anything else was the match to the gasoline that ignited the dramatic slide in the stock market here in the last few days, it was money supply—was when the Federal Reserve tightened in the wrong way or too quickly or too much. And I am not wise enough or experienced enough in managing the Nation's money supply to really tell you what happened precisely. But it is very, very clearly that the instant that crystallized, the doubt and suspicions and fears, which have been growing in the minds of American and foreign investors, was in fact the move of the Fed to tighten the money supply. And to their credit—and I do congratulate Chairman Greenspan and the others involved—the Fed had backed off of that and supplied liquidity which the market needs in order to at least tread water and hopefully regain some of the lost ground.

The third thing that happened and was parallel with our own time and one which concerns me the most—because I sense so many of my colleagues here in the Senate have been taken in by the talk of a tax increase—the third parallel is tax policy. President Hoover proposed in 1931 a series of tax increases in order to curb the Federal budget deficit. Without going into details, it is simply a matter of historical fact that Mr. Hoover, as a hard-nosed budget balancer—and I consider myself to be one, as well—thought that the way to close the gap between revenues and spending was to raise taxes, and it had exactly the opposite effect.

Now, what really happened was that business activity was dampened, profits were curtailed, confidence was eroded, the stock market fell further, factories closed, businesses failed, jobs were lost in a cycle of self-perpetuating poverty.

It is hard to understand why, in light of this experience, the clear historical record, why Senators and the press would be clamoring at this time for a tax increase as the preferred way to close the gap that we now have between Federal spending and revenues. It is just confounding to me, Mr. President, that, having tried this ruinous policy on a grand scale with disastrous results, some would advocate that we do it again.

And yet, day after day what we hear is: "It is time for a tax increase. The President should come to the table and bargain for a tax increase; that

unless we can have a tax increase, we cannot get any spending cut."

Mr. President, I think the record is very clear that the tax increase failed in the 1930's and that, in fact, the tax increases of the period we are just concluding, the last 5 years, have contributed materially to the stagnation of some segments of our economy.

Indeed, people whose judgment I trust say that it was the prospect of a tax increase, and especially the insidious form of the tax increase, that also contributed heavily to the decline on Wall Street and set the stage for what many people think is a serious economic crisis—and I am one who does.

As you know, the market crashed almost immediately when investors came to the realization that the Senate Finance Committee had revved up a big tax increase and that the House Ways and Means Committee had done the same thing. Investors concluded that a tax increase was likely.

As one of them put it: I think I will invest in taxes. That is what seems to be going up.

Worst of all, a tax increase at this time is bad enough under any circumstances, but worst of all there was contained in the House Ways and Means Committee version of the tax bill some highly specific provisions which, in the opinion of stock traders and investors, was just absolutely guaranteed to strike terror in the hearts of those whose business is to manage investments.

Specifically it was a provision which disallowed the carrying costs on corporate takeovers.

A lot of the economic activity of this country, whether you like it or not, has to do with that kind of trading. When the people who finance such acquisitions came to the realization that there might, in fact, be enacted into law a statute which would disallow the interest, the carrying costs on such transactions, a lot of those transactions came to a screeching halt.

Mr. President, in addition to the experience that we have just had in the last few days, mirroring that of the 1930's, we can look back over the last 4 or 5 years at a series of tax increases enacted by Congress and signed into law by the President and ask ourselves, in the light of what we have been through, what is the prospect that tax increases will actually help narrow the deficit, even if the economy could survive such tax increases?

When you think back about TEFRA and DEFRA and COBRA and OMBRA higher Social Security taxes and payroll taxes and the others, the sum total of it is that we have increased taxes by about a trillion dollars during the last 4 or 5 years and have almost completely offset the great and highly praised tax cuts of 1981.

This is one of the best kept secrets in the world today. People think that under the leadership of President

Reagan that Congress has cut taxes drastically. The truth of the matter is what we have cut is the marginal rates for individuals and in the process we have actually raised taxes on many, many business concerns. Because, as business men and women know full well, payroll taxes, which have been dramatically increased by this Congress, are a much larger economic fact of life for most businesses than is the Federal income tax.

In addition, while we lowered the rates on individuals—and I support that and think it was wise for us to do so—we have changed depreciation rules in the real estate business in a way which has precipitated a depression, and it is not an exaggeration to call it that, a depression in the office rental markets and other aspects of the real estate business.

I want to send to the desk a table, for the benefit of my colleagues, which outlines the tax increases for recent years and compares it with the tax cuts which we have enacted. The long and short of it is we come up with about a trillion dollars in tax increases in 1982, 1984, 1985, 1986, and then the Social Security and gas tax increases of 1983.

Then I would also like to put in the Record a summary of the tax cuts so that my colleagues can compare where we have been and where we might want to go from here.

Mr. President, I ask the documents be printed at the conclusion of my statement.

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

(See exhibit 1.)

Mr. ARMSTRONG. I think any careful study of this information makes it clear that we have not had a dramatic tax cut in this country.

I would also like to make this point: even if I thought a tax increase was good for business—and I believe it would be a dreadful setback for most business activities, including the stock market—there is very, very little evidence to suggest that a tax increase will have the effect of reducing the Federal budget deficit.

Some people may think that we are undertaxed, but the record, it seems to me, is pretty clear that we are overspent. I would just like to call the attention of my colleagues to some basic facts about the spending record of this Congress.

A lot of people in this Chamber and elsewhere are acting as if we have drastically reduced Federal spending, acting as if we had drastically cut back on many programs of the Government, and that it is, therefore, impossible to make further large reductions in order to balance the budget.

When this comes up, I hope my colleagues will consider that the appropriations bills already enacted by this Chamber, passed by this Chamber, exceed the request submitted by President Reagan by some \$18 billion.



In addition, if you look at the record of the other body, the House of Representatives sent to us appropriations bills in this year which exceed the President's request by \$14.9 billion.

The Senate version of the HUD appropriations bill alone is \$5.7 billion above the President's request, and the House exceeds the President's budget by over \$6 billion. The Labor-HHS bills in both the House and Senate exceed President Reagan's request by approximately \$9 billion. In addition, the transportation appropriation is over by \$2 billion. It is my recollection that earlier this year the Senate and House voted to override the President's veto of the clean water authorization which exceeded his recommendation by \$6 billion, and to spend over his veto of the highway authorization \$10 billion more than Mr. Reagan had recommended.

So I think it is time for us to face up to the fact that we have not cut anything.

In fact, we have created new programs, we have funded lavishly popular programs than have been in existence. And as recently as 24 hours ago, on the very day when our senior leaders, the chairman of the Appropriations Committee and the ranking member and their counterparts on Finance and Budget, together with the majority leader and minority leader, went into a closed meeting with their counterparts from the House to consider ways to balance the budget—on that very day the U.S. Senate celebrated the occasion by enacting or at least passing, leading perhaps to enactment, the largest increase in entitlement programs that we have seen in this country in a quarter of a century, entitlement programs whose exact cost is very much in doubt, but which is estimated to be approximately \$25 billion for the next few years.

We also have revving up a number of other bills which, if enacted, would tremendously increase Federal spending this year and in years to come. There is a welfare reform bill floating around which purports to be a way to sort of straighten things out in welfare. I am led to believe that one version of it would cost about \$5 billion in

the next 4 years; the other, the House version, would cost over \$5 billion.

We have pending—I hope it will never come into law, but it has been passed by this Chamber and it is now in conference—a new housing subsidy program, the effect of which would be to permit interest free loans to a large groups of people at an initial cost of \$100 million. It undoubtedly would be expanded very quickly.

The trade bill, which contains many additional features, many programs which I personally support, also proposes to authorize at least 18 new Federal programs, State agencies, offices, advisory panels and commissions and mandates at least 165 new reports, studies and evaluations and will require between 500 and 1,000 new Federal employees to implement its provisions. The bottom line of that bill, if enacted, is \$8.7 billion in new Federal spending.

One of the features which concerns me particularly about the trade bill is the new worker adjustment program, supposedly to only cost \$300 million a year. In fact, I was assured when it was considered by the Senate Finance Committee it could not cost more than \$300 million a year. However, when I proposed an amendment to put a cap on it at \$300 million and then at \$400 million I was turned off.

A tipoff of what it might actually cost is that the funding mechanism that goes with this new trade adjustment assistance program could raise as much as \$4 billion per year.

Then we have an education competitiveness program getting ready, expansion of health care, the farm credit bailout, the VA housing loan extension. We have a huge 1987 supplemental. The Federal pay raise is going to cost about \$1.5 billion. We are getting ready to complete a space station.

Mr. President, the list is almost endless. I judge there is not one Senator, there is not one staffer, I do not think there is one person on the face of this Earth who could honestly come before us tonight and say with any degree of accuracy or certainty the magnitude of spending bills which have been introduced and which are in committee and moving through the system, many of them, unless we take some drastic

and bold action, destined to be signed into law.

So, Mr. President, I hope as we think about this situation and as we confer with our colleagues who are part of the negotiating team, we will urge them to do one thing first of all. Before they start talking about any new tax increases and even before they talk about cutting back on existing spending programs, I would like to suggest that a good place to start is to just stop dead in our tracks, just to have a standstill, just to say for the time being, for the duration, until we decide where we are going on this, we ought not pass or even take up for consideration any more new programs. If we could just do that, if we could just agree we were not going to make the situation any worse for the time being, it would be I think a worthwhile and statesmanlike direction.

Second, it seems to me at all costs we must head off a tax increase.

Third, there are many places—I have mentioned some of them tonight—where we could make large savings.

If we do that, we have a fighting chance to head off the kind of deep recession that ensued when President Hoover and the Congress enacted a tax increase, and unwise tariff legislation in a situation which I think is hauntingly familiar of our circumstance today.

Mr. President, I said at the outset that I am not a believer in some kind of mindless cycle of history. There are, of course, many parallels and every generation does face some problems that seem very similar to that faced by earlier generations, but I do not believe we are trapped. I do not believe we are just faced with a no-hope situation where because an earlier generation had to go through a great depression we have to do the same. But the outcome is in doubt. It is up to us. I just hope as we think of it we will avoid the mistakes of the past, that we will avoid a tax increase, we will avoid punitive tariff legislation, and that we will find some way to get Federal spending under control.

Mr. President, I thank the Chair and I yield the floor.

EXHIBIT 1

#### LEGISLATED TAX INCREASES, FISCAL YEAR 1982-90—SUMMARY

(Since 1982, Congress has legislated tax increases which will total \$990.6 billion for the fiscal year 1982-90 period.)<sup>a</sup>

	1982	1983	1984	1985	1986	1987	1988	1989	1990	Total
TEFRA (1982)		16.6	36.0	39.2	46.7	56.8	58.8	58.2	59.9	372.2
DEFRA (1984)			.9	9.3	16.1	22.0	25.3	27.7	31.1	137.4
COBRA (1985)					9	2.7	3.0	3.0	3.1	12.7
OMBRA (1986)						1.9	1.5	2.3	1.0	6.7
Gas tax (1983)			1.5	4.2	4.5	4.7	4.9	5.1	5.1	34.2
Social Security Amendment (1983) <sup>a</sup>				1.8	6.1	9.5	11.0	12.1	15.3	64.0
Social Security wage base		1.0	4.4	8.4	11.6	15.5	20.4	25.6	32.1	159.2
Social Security FICA tax hikes		.9	1.4	5.3	13.2	18.1	20.4	32.5	38.8	177.0
Railroad Revenue Act (1983)				.2	.7	1.1	1.0	1.1	1.1	6.3
Superfund (1986)						.4	.8	.9	.9	3.0
Continuing resolution (1987)						1.9	2.7	2.4	2.5	9.5
Other		5	—4	.1	1.2	.7	3.4	3.8	4.1	13.4
Fiscal year 1982-90 total										990.6

<sup>a</sup> Includes all revenue raising provisions of the 1983 SS amendments except payroll tax rate increases.



## ADDENDUM

## I. REVENUE LOSERS, 1982-90

	1982	1983	1984	1985	1986	1987	1988	1989	1990	Total
1981 ERTA										
Interest withheld (1983)	-35.6	-91.1	-136.8	-170.3	-209.8	-238.5	-258.7	-282.0	-309.4	-1,422.8
Tax Reform (1986)		-1	-2.6	-2.4	-2.1	-1.7	-1.8	-2.0	-2.5	-15.2
FERS (1986)						18.6	9	-11.7	-9.0	-1.2
						-4	-8	-8	-9	-2.9
Total revenue losers fiscal year 1982-90										-1,442.1
Total revenue gains fiscal year 1982-90										+990.6
Difference										-451.3

II. OUTLAYS, REVENUES, DEFICITS, 1982-90<sup>1</sup>

	1982	1983	1984	1985	1986 <sup>2</sup>	1987	1988	1989	1990	Total
Outlays	746	810	852	946	990	1,010	1,080	1,146	1,212	8,791
Revenues	618	601	666	734	769	853	897	954	1,036	7,128
Deficit	128	209	186	212	221	157	183	192	176	1,663

<sup>1</sup> During this period, Congress will have spent \$8.8 trillion, collected tax revenues of \$7.1 trillion, and incurred a cumulative deficit of \$1.7 trillion.

<sup>2</sup> CBO August 1987 baseline projections.

## EXECUTIVE SESSION

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider Calendar Order No. 385, Richard Noyes Viets, of Florida, career member of the Senior Foreign Service, class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Portugal.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the nomination.

## DEPARTMENT OF STATE

The legislative clerk read the nomination of Richard Noyes Viets, of Florida, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Portugal.

Mr. PELL addressed the chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I make a point of order that the nomination is not properly before the Senate because it was reported by a committee when it was not authorized to meet.

The PRESIDING OFFICER. The nomination was reported after the time that the Foreign Relations Committee was authorized to meet. The point of order is therefore well taken, and the nomination is returned to the committee.

Mr. PELL. I thank the chair.

Mr. BYRD. Mr. President, Mr. HELMS was going to make the same point of order. He indicated to me that in view of the fact that it was his understanding, as I informed him, that Mr. PELL was going to make the point of order he would not remain on the floor and therefore do it himself inasmuch as it was going to be done. So I make that statement for the record.

## LEGISLATIVE SESSION

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

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

## MORNING BUSINESS

Mr. BYRD. Mr. President, I ask unanimous consent that there be a period for morning business at this time, and that Senators may be permitted to speak therein.

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

## ARMS CONTROL AND THE TRIDENT II

Mr. PELL. Mr. President, I wish to register my grave concern, which I know is shared by many other Senators, about plans of the Department of Defense to test the new Trident II missile with 12 warheads—2 more than it has carried in any previous tests and 4 more than its established operational capacity in an earlier configuration.

The problem is not just that such a test could unnecessarily complicate current negotiations of a strategic arms control treaty, but that it could lead to long-range restraints in the deployment of missile-carrying submarines.

Such restraints could result from an application of the counting rule used under previous arms control agreements whereby the maximum number of warheads tested normally becomes the assigned capacity of that missile for purposes of counting for compliance with the agreement.

If that standard were to be used as the basis for implementing a future arms control agreement and if by then the Trident II has been assigned a carrying capacity of 12 warheads, the United States might be forced to cut back on its planned deployment of 20 Ohio-class submarines by the end of the century, in order to comply with the new ceilings.

The mathematics of the situation are straight forward and compelling. Ohio-class submarines—known more familiarly as Trident submarines—can carry 24 missiles. At 8 warheads per missile the capacity of one submarine is 192 warheads; at 12 warheads per missile, the capacity is 288. If our strategic nuclear arsenal is reduced to 5,000 under the contemplated arms control agreement with the Soviet Union and if the number of warheads on submarines were to be limited to 3,500, those warheads would have to be distributed according to the assigned capacity of the missiles, with a resulting impact on the size of the Trident submarine fleet. If the assigned capacity is 12 warheads, or 288 per submarine, we could deploy no more than 12 Trident submarines. Even at the 8 warhead capacity, or 192 per submarine, we could deploy only 18 Trident submarines.

So far, 8 of the planned fleet of 20 Trident submarines have been delivered to the Navy by the Electric Boat Division of General Dynamics Corp. The 9th through 14th are presently under construction, and funding for the 15th was provided in the fiscal year 1988 Defense authorization bill which the Senate approved October 3.

The ultimate size of the Trident fleet is a critical factor, because it determines the geographical versatility of this leg of the nuclear triad. The fleet must be divided between the Atlantic and the Pacific and allowance must be made for submarines under repair and moving to and from station. As a recent editorial in the New York Times observed, many experts consider 18 Trident submarines too few for a secure retaliatory force, let alone 12.

Parenthetically, it is interesting to note that the first eight submarines are outfitted with the less accurate and less lethal Trident I missile and will have to be retrofitted between 1991 and 1997 to accommodate the Trident II's. The rest of the fleet, including those presently under con-



struction, will be outfitted with Trident II missiles as original equipment.

As I have said on previous occasions, it is extremely important that we maintain the momentum of the Trident submarine program because the Tridents are the keystone of our strategic defense. Designed for survivability and endurance, they are virtually invulnerable to preemptive attack, and thus are a stabilizing influence in the nuclear age. They are in fact the capital ships of our modern Navy.

Surely, the long-range deployment of the Trident fleet should not be disrupted because of the premature application of an arms control limitation that could be avoided by a less hasty testing of the capacity of the Trident II missile.

Advocates of this testing program might argue that solutions to the counting problems could be found by deploying fewer missiles on Trident submarines or by gaining Soviet agreement to much more intrusive verification measures than have been possible so far. I see no merit whatsoever in either solution. The first so-called solution could undermine the continuity of the Trident program and the second could prove to be impossible to negotiate and thus frustrate our arms control efforts.

I would be less than candid if I failed to note that the Trident II missile itself—also known as the D-5—has been a source of controversy, quite apart from the question of the 12-warhead test. Since the Trident II is capable of carrying larger warheads and delivering them more precisely, it is effective against hardened targets such as missile silos and command bunkers. This has prompted apprehensions that it might be considered to be a destabilizing, first strike weapon.

It is not my intention to reignite that controversy here, but I would simply observe that it is all the more reason for not rushing into further testing of greater warhead capacity on the eve of an agreement with the Soviet Union on strategic arms control. To do so, as the New York Times article suggests, would be to "throw sand in the works" of the negotiations.

Finally, there appears to be no technical reason why the 12-warhead test has to be conducted at this time. This version of the Trident II missile is not to become operational until late 1993 or 1994, and it was tested for the first time just last month. Surely, with 6 years of leadtime, further testing, if required, could be conducted on a more measured schedule which takes all ramifications into consideration. As a recent New York Times article suggested, to press ahead at this point suggests a motive that may be more mischievous than substantive.

On all counts, the scheduled 12-warhead test of the Trident II is ill timed and unnecessary. It should be put off to a future date, at least until we know what kind of a START agreement can be reached in Geneva and what the

implications of that agreement would be in terms of warhead deployment. I believe that legitimate national security interests could be undermined by proceeding with this test now, and I urge the Secretary of Defense to reconsider and call off this unwise step.

I ask unanimous consent that the article from the New York Times of October 7 entitled "U.S. Plans to Test Submarine Missile with 12 Warheads" and an editorial from the Times of October 12 entitled "Trident Mischief, or Worse" be inserted in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 12, 1987]

#### TRIDENT MISCHIEF, OR WORSE

It makes no sense for the Pentagon to test the new Trident submarine missile with more and more warheads. Yet that is precisely what Defense Secretary Weinberger has ordered. Perhaps his decision represents a mischievous effort to complicate nuclear arms talks. Perhaps worse, he may not realize that the Soviet Union would benefit more from his ploy than the United States.

The Trident testing issue is no mere technical question for strategic experts. It raises basic policy choices on arms control and force structure. The White House and Congress would be well advised to reverse Mr. Weinberger's call.

The initial version of the Trident II missile, also called the D-5, is set for deployment on Trident submarines in 1989. Each missile will carry eight warheads of sufficient accuracy and explosive power to destroy a Soviet missile in a hardened silo. The Trident sub can hold 24 such missiles for a total of 192 warheads per sub. That number was generally considered to be a sufficient concentration of force on one sub.

Mr. Weinberger apparently felt otherwise. In September, he ordered the D-5 to be tested with 10 warhead places. Now he wants to extend that to 12, and right away, though this version of the D-5 is not set for deployment until 1993.

Testing the D-5 with 12 warheads any time soon would create substantial verification problems in the strategic arms reduction talks with Moscow. Both sides have proposed significant reductions in missile warheads. Until now, the only way adequately to verify such a scheme has been to apply a simple counting rule: If a type of missile is tested with as many as, say, 16 warheads, all missiles of that type will be considered to hold 16 warheads. Thus, if the D-5 is to be tested with 12 warheads, all D-5's will be counted as carrying 12 warheads—even though some or even most would carry only eight.

Mr. Weinberger, who drags his heels on arms control generally, doesn't like the rule. He wants warheads on each missile to be counted individually. The only way to do that, however, is by the cumbersome process of inspecting every missile with a can opener. Conceivably, Moscow would let Americans look inside its missiles. But American experts certainly would not want to reciprocate. U.S. technology is better and they rightly don't like the idea of showing Moscow how to improve its missiles.

In all likelihood, both sides will agree to stick by the old counting rule. In that case, Mr. Weinberger invites an even more serious problem—a sharply reduced number of Trident subs, the most survivable and reliable of all U.S. retaliatory forces. If the new treaty ends up limiting the U.S. to 3,500 submarine-launched ballistic missiles, and if

each D-5 counts for eight warheads, the U.S. could field about 18 Trident subs. But if each D-5 counts for 12 warheads, the U.S. could have only 12. Many American experts consider 18 too few for a secure retaliatory force, let alone 12.

A lot rides on the D-5 testing decision—progress on a strategic arms treaty and U.S. retaliatory capability. Secretary Weinberger seems unaware of the stakes. Is the President?

[From the New York Times, Oct. 7, 1987]

#### U.S. PLANS TO TEST SUBMARINE MISSILE WITH 12 WARHEADS

(By Michael R. Gordon)

WASHINGTON, October 6.—The Pentagon plans to test the Navy's new Trident 2 missile with 12 warheads this year despite strong concerns in the Administration and Congress that such tests could complicate arms control talks with the Soviet Union and hamper military planning.

Until last month, the new Navy missile had never been tested with more than eight warheads. But the Pentagon broke that barrier in early September in a test with 10 warheads. Administration officials disclosed today. The officials said a test involving 12 warheads is scheduled for November.

#### CRITICISM OF WEINBERGER

The officials said Defense Secretary Caspar W. Weinberger had pushed for conducting the tests despite misgivings of the Joint Chiefs of Staff and the State Department.

Some ranking Members of Congress have also urged that the tests not go forward. Representatives Les Aspin, Democrat of Wisconsin and chairman of the House Armed Services Committee, sent a letter to Mr. Weinberger in August urging that the tests be deferred.

But supporters of Mr. Weinberger's action said the tests should not be delayed because they are needed to keep the missile program on track. Mr. Weinberger's decision to proceed with the tests was disclosed by Newsweek earlier this week.

#### TWO MAIN CONCERNS

There are two main concerns at the heart of the debate. One is whether the tests would complicate the task of trying to work out a treaty with the Soviet Union on long-range arms, a priority of President Reagan. The other is whether, because of possible warhead-counting arrangements in a future treaty, the tests would actually limit the Navy's flexibility in planning its strategic nuclear forces.

Under previous strategic arms agreements, each type of missile is counted as having the maximum number of warheads that it has ever been tested with. If a missile is tested with 8 warheads, for example, all missiles of that type are counted as having 8 warheads even if they are actually deployed with fewer warheads.

The Russians have insisted in the Geneva arms talks that a similar rule be included in a new treaty on long-range arms. The United States has not agreed to that approach, which it says is inadequate.

According to current plans, the Trident 2 is to carry two types of warheads.

Some Trident 2's are to carry 8 new Mk-5 warheads. That version of the missile is expected to become operational in the 1989 fiscal year. It has already been tested six times, including two tests involving 8 warheads.

Other Trident 2's are to carry 12 smaller, less powerful MK-4 warheads. Under current plans, that version of the missile is not to become operational until the fiscal year



1993, and was tested for the first time only in September.

The current debate centers on whether it is wise to proceed with an ambitious test program for this second version of the missile, with the smaller Mk-4 warheads.

Some critics in the Administration say there is no technical need to carry out tests with more than 8 warheads now because this version of the missile is not to be deployed until the early 1990's. They say such tests should be delayed until the issue has been worked out in the Geneva arms talks.

Stressing this point, Mr. Aspin charged today that Mr. Weinberger might want to carry out the tests to "throw sand in the works" and delay a new treaty reducing long-range arms.

The critics also assert that the tests may create a more far-reaching problem. If a future Administration decides to agree to the counting rule used in past strategic arms treaties, all the Navy's Trident 2's would be counted as having 12 warheads. This would force the Navy to cut back on the number of Trident missile-carrying submarines that it could deploy.

This is a special worry for the critics because the submarines are regarded as the most "survivable" element of the United States nuclear force.

Supporters of Mr. Weinberger reject such charges. They say that the counting rule is a vestige of the unratified strategic arms treaty of 1979, the so-called SALT II accord, which they oppose. Mr. Weinberger's supporters say the United States should not let procedures spelled out in past agreements stand in the way of important strategic programs.

"The SALT II rule does not apply as far as we are concerned," said Fred Hoffman, the chief Pentagon spokesman, who added that the Pentagon wants to count Soviet warheads through on-site inspections.

Mr. Hoffman rejected Mr. Aspin's criticism that the testing program was an effort to obstruct the arms talks.

In the September test, a Trident-2 missile carried 9 dummy Mk-4 warheads and a package of instruments. Under the 1979 treaty, such a test is counted as involving 10 warheads.

A related issue is whether there is a better alternative to the use of counting rules to keep track of the number of warheads on new missiles.

Supporters of Mr. Weinberger's view say that the counting rules are inadequate and that on-site inspection is needed because the Russians are believed to have deployed more warheads on some types of missiles than they have actually tested on those missiles.

But some experts say counting rules are needed. "In this case, on-site inspections of deployed missiles could create more problems than they would solve," said James P. Rubin, assistant director of the Arms Control Association, a private group. Mr. Rubin said on-site inspections might never be negotiated because neither side would want the other to examine the insides of their missiles.

He added that a count based on monitoring tests, while imperfect, is a better indicator than on-site inspections because the Russians could add warheads to their missiles after the inspectors left.

#### BICENTENNIAL MINUTE

OCTOBER 28, 1928: JIM PRESTON, PRESS GALLERY CZAR

Mr. DOLE. Mr. President, 59 years ago today, on October 28, 1928, the Washington Evening Star paid special

tribute to the "Czar of the Senate Press Gallery," James S. Preston. Old newspapermen in Washington said Preston knew more and told less than any other living person. If only he could write what he knows, said journalists, he would scoop them all. But, they concluded, "He never will write it. He can't even tell it."

Jim Preston was one of those remarkable Senate employees who devoted his entire life to this institution. Born in Washington in 1876, the son of a Washington correspondent, he became the unofficial superintendent of the Senate press gallery in 1897—the post had not yet been made official. As superintendent, he was supposed to keep the reporters' ink wells filled and supply them with writing paper. But Preston began gathering copies of bills and committee reports, and finding bits and pieces of information to help the reporters cover the Senate. He also began coaxing the Senators to make copies of their speeches available in advance.

After 34 years as czar of the press gallery, Preston became Senate Librarian. To mark the occasion, reporters held a mock impeachment trial, finding their former superintendent "guilty of devotion, friendship, and service." In later years he transferred to the National Archives, where he helped process the Senate's historical records, and then returned again to the Senate. In the mid-1950's the Senate paid tribute to Preston in honor of his 60 years on the Senate staff.

The reporters who predicted that Preston would never write or tell the secrets he knew were correct. As an elderly man he burned his diaries and correspondence. It was a sad loss for the Senate's recorded history, but an understandable one for a man who spent his lifetime keeping secrets.

#### THE MEDICARE CATASTROPHIC LOSE PREVENTION ACT OF 1987

Mr. KARNES. Mr. President, the debate has subsided, the vote is in, the tally has been added and the Senate has passed so-called catastrophic health care loss prevention legislation. Many of our colleagues and certainly S. 1127's sponsors have worked hard to secure passage of this measure they believe best addresses the needs of the Nation's elderly, and I compliment their dedication. I am sure most believe the controversy surrounding this initiative has been laid to rest. Unfortunately, I am afraid it has only begun to rise.

I doubt there is a Member of the Congress who does not agree with the principal of providing assistance to the nation's seniors that are unable to meet the costs of catastrophic health care. Indeed, I am the first to agree it is our responsibility—our duty—to assist those who are suffering through such unfortunate circumstances. However, what we have just witnessed is

passage of a measure that will address only a small portion of the problems that American seniors have been led to believe it will address.

The catastrophic benefit will not provide unlimited medical coverage to the elderly. This measure is not truly optional for all Medical beneficiaries. This benefit does not provide for long-term care needs. And, this benefit though supposedly self-financing, will certainly not come cheaply to the Nation's Medicare participants.

Regarding the cost of this measure, we have just witnessed the passage of a program that will spend \$22 billion in the next 5 years, and yet will only benefit roughly 9 percent of Medicare beneficiaries. Turning that figure around, 91 percent of Medicare beneficiaries will not benefit from the program, even though they will pay the substantially increased premiums required under the bill. This expansion is financed through an increase in the Medicare Part B monthly premium and a surtax on about 40 percent of our senior citizens. Like the Medicare Part B premium which will jump by 38.5 percent next year, this tax is indexed to Medicare cost increases and will escalate with higher programs costs.

Mr. President, GAO and CBO conclude that by the early 1990's the program established last evening will experience a revenue shortfall of \$560 million by current estimates. It is unreasonable to believe this will not challenge the solvency of the Medicare trust fund, which without this new program is already expected to have a deficit of nearly \$20 billion by the year 2005. Perhaps the most disturbing aspect of this entire exercise is that, even as we considered the bill, the stability of our financial markets was held in question and desperate discussions between the White House and the Congress to drastically cut Federal deficits seemed the only answer to restoring security to the world's financial situation. Unfortunately, we responded immediately by creating yet another new entitlement program, one that is certain to be costly but is not certain to be effective. If this attitude persists, I shudder to think what our economy may look like 1 year from now.

In addition, this program attempts to offer coverage which nearly 70 percent of the Nation's seniors already have, through private insurers. Mr. President, it would appear to me that this plan is in reality, a national health insurance plan for the elderly, an idea that has been extremely controversial in the past for its resemblance to socialized medicine programs. Are we ready to enact a backdoor socialized medical program? I don't think the American people have resolved that question in the affirmative.

Now, as I mentioned earlier, the concept of this measure is not without



merit. Indeed, there were several provisions I believe are important cost effective benefits for our seniors. Because it was evident the program might pass, I supported efforts to include a modified and more acceptable drug benefit in the bill which is where so many of our seniors' dollars are consumed. Also, I strongly supported the initiative which sought to make the new program truly optional. If the optional amendment would have passed, those desiring catastrophic coverage could have received it, and they would have borne the expense of it. Those wishing not to participate would not have had to, and would not have been forced to pay for a benefit that they did not need, want and in many cases is duplicative of benefits they already have. Unfortunately, the optional amendment did not pass and now if a Medicare beneficiary wishes to receive part B coverage, they are forced to also participate in the catastrophic program.

Last, I was very pleased to see the spousal impoverishment amendment added to the bill which permits the spouse of an individual placed in a nursing home to retain some assets and thus their independence. It is my feeling from communicating with my constituents that spousal impoverishment is an extremely important issue that strikes fear in the hearts of people who have worked hard all their lives to save money for retirement, only to see both spouses' assets wiped out by the illness of one member of the couple. This concept needs to be developed further in case the provisions in S. 1127 are not adequate to meet this problem.

Notwithstanding these positive aspects of the bill, when faced with final passage on this bill, I could only reach the conclusion that the flaws in the bill were so substantial and sweeping in scope that I felt it was creating as many problems as it attempted to solve. I suspect we will now discover that we have misled our constituents telling them we have resolved the problems posed by catastrophic illness in America, and that in truth, we have only saddled our older Americans with a new tax that will help few and burden all. Regardless of the support of many of my colleagues and the President's approval of the bill, I was left with no alternative but to vote against it.

Mr. President, I have worked hard for our seniors in the past and I will in the future. I want Nebraska's elderly to know right now that I intend to remain active in senior's issues and that I will be working with my colleagues to develop real alternatives for their real catastrophic need—long-term care. Thank you.

Mr. THURMOND. Mr. President, the State of South Carolina, as well as the Nation, suffered a great loss with the death of Robert Richardson Coker who died on Monday, September 28, 1987, at the age of 82 in Hartsville, SC.

Robert Coker was one of the country's most respected and influential leaders in the field of agriculture. He led the effort to eradicate the boll weevil from the cotton fields of the South, and achieved success in breeding pedigreed seed varieties of the South's major field crops.

Coker, who graduated from the University of South Carolina in 1928, accomplished much during his lifetime. He was named president and director of Coker's Pedigreed Seed Co., was a cofounder of the Farm Bureau, was elected president of the National Cotton Council, and was appointed chairman of the Cotton Industries Special Committee on Boll Weevil Eradication, which led to the eventual control of this insect problem. Coker was also a member of the boards of various companies and was active in education, particularly relating to agriculture. He received numerous awards and honors for his work, including honorary degrees from the University of South Carolina and Clemson. Also, at Clemson University an endowed faculty position in the field of molecular genetics, the trustees chair, was created when Robert Coker and his wife gave a gift of \$500,000 to the school. The trustees chair is the university's most prestigious faculty position.

Robert Coker's life has inspired and will continue to inspire others in the field of agriculture and agricultural research. We are saddened by his death and I join with my colleagues in extending deepest sympathy to his lovely wife, Lois, his two children, Mr. William C. Coker and Mrs. Ione Lee, and the other members of his family during this time of bereavement.

Mr. President, I ask unanimous consent that an editorial and an article on Robert Coker from The State, an editorial from the Florence Morning News, and a eulogy delivered by Dr. James A. Rogers be printed in the RECORD.

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

(From The State, Sept. 29, 1987)

#### FARMING PIONEER COKER DIES

(By Bill Hughes)

Robert Richardson Coker, former president of Coker's Pedigreed Seed Co. and a nationally known agriculturist and business executive, died Monday at a Hartsville hospital after a long illness. He was 82.

A Hartsville native, Mr. Coker was a pioneer in assembling a team of researchers that developed improved field crop varieties for the South's major field crops.

For years Coker-brand seed dominated the market for tobacco, corn, feed grains, soybeans and particularly cotton, a crop which Mr. Coker supported at a time when many believed it could no longer be grown profitably because of the boll weevil.

A 1928 graduate of the University of South Carolina, Mr. Coker returned to his hometown as an associate in the seed business started in 1902 by his father, David R. Coker.

In 1951, he was named president and director of the company, serving in those posi-

tions until 1978 when the company was sold to KWS, a West German agricultural research and distribution firm. For several years following the sale, Mr. Coker continued to serve as an adviser to the board of directors.

The operator of a KWS subsidiary, Mr. Coker had sales and development operations in Hartsville; Bay, Ark.; and Lebanon, Ind.

David Allen, Coker farm manager and a friend for 41 years, described Mr. Coker as "a real Southern gentleman who had the knack of making you feel good about your work. He'd always call us on our birthday and many times when we were having trouble with a crop, just to say he was thinking about us."

In 1944, Mr. Coker was among a small group of farmers and businessmen who organized the S.C. Farm Bureau, the state's largest agricultural organization. Mr. Coker was the first president of the Farm Bureau, which presented him with its Distinguished Service Award in 1959.

"Mr. Coker's death is certainly a great loss to the entire agricultural industry, not only in South Carolina, but nationally. He'll be missed," said S.C. Farm Bureau Vice President Tom Warren, adding that Mr. Coker was a life member of the organization's board of directors.

Mr. Coker's early education was in the Hartsville public schools and Webb School in Bell Buckle, Tenn. Although his college degree was from USC, his agricultural interests drew him close to Clemson University, whose board named him a life member in 1960.

Clemson presented Mr. Coker with the Clemson Medallion, the university's highest public service honor, in 1985.

Clemson University President Max Lennon described Mr. Coker as "one of the most respected and influential leaders of agriculture in the past 30 years" and "a man of determination, intellect and energy."

"In a meeting less than two weeks ago, the Clemson Board of Trustees adopted a resolution expressing appreciation to Dr. Coker for his service to Clemson and to agriculture. And it was at that same meeting that we announced a \$500,000 gift from Bob and his wife, Lois, that will lead to the creation of a prestigious Trustees Chair in molecular genetics in our Division of Agriculture and Natural Resources," Lennon said.

"Robert Coker was a good friend and Caroline and I are saddened by his passing," said USC President James B. Holderman.

"He was a dedicated alumnus of Carolina, who, as a life trustee of Clemson University, personified the increasing collaboration and great strengths of both institutions. His concern for the quality of life in South Carolina led him to donate his time and resources toward the improvement of educational opportunities throughout the state."

State Agriculture Commissioner Les Tindal, who served with Mr. Coker on the Clemson board, said, "Robert Coker's service to both national and state agriculture and to mankind spans over half a century. His ability to anticipate the needs of the future kept him attuned to the new and innovative throughout his life. The Palmetto State has lost a brilliant mind and dedicated servant to higher education, agribusiness and industry."

It was Mr. Coker's support of cotton as a viable crop for the Southeast that caused him to play a major role in cutting farm losses due to the boll weevil, a pest that was threatening to wipe out the crop in the South.

"He always said he wanted to be the pallbearer at the last funeral of the boll



weevil," said longtime Coker associate Marion Hawkins.

And as the 1987 crop is being harvested this fall, that dream is close to becoming reality, thanks to Mr. Coker's efforts in organizing the federal Boll Weevil Eradication Program.

That program, which has expanded into Georgia and part of Alabama, could have had its origin as early as 1940-1945, when Mr. Coker served as vice president of the Memphis, Tenn.-based National Cotton Council.

Mr. Coker also served as president of the council in 1963, as board chairman in 1964 and as an adviser until his death.

Mr. Coker was instrumental in an effort in the late 1950s and early 1960s which established a federal Boll Weevil Research Lab at Mississippi State University.

In 1969, he was named chairman of an industry committee on boll weevil eradication, which by 1973 had organized a pilot demonstration project that showed the insect could be controlled.

Mr. Coker later presented the results of the pilot program to U.S. Agriculture Secretary Earl Butz. When the Cotton Council established a Beltwide Action Committee on Boll Weevil Eradication to work with the USDA, Mr. Coker was named chairman.

In 1959-60, he helped organize and served as first president of the National Council of Commercial Plant Breeders—the organization largely responsible for the Federal Plant Variety Act of 1979.

Mr. Coker has served on the boards of the Hartsville Oil Mill, Hartsville Cotton Mill, Palm Oil Co. and Sonoco Products Co., all of Hartsville and the Textile Paper Tube Co. Ltd. of Romiley, England.

He also was chairman of the board of the J.L. Coker Co., the Hartsville department store, which was founded by his grandfather in 1865 and closed in 1983.

Services will be at 2 p.m. today at the First Baptist Church of Hartsville with burial in Magnolia Cemetery, directed by Brown-Pennington-Atkinson Funeral Home.

The family suggests that memorials may be made to the Robert and Lois Coker Trustee Chair in Molecular Genetics at Clemson or to Brookgreen Gardens at Litchfield Beach.

[From The State, Oct. 2, 1987]

#### ROBERT R. COKER

Robert Richardson Coker, a member of an illustrious Hartsville family ever dedicated to uplifting their community and society as they personally progressed, died Monday at the age of 82.

Mr. Coker, a descendant of the eminent Major James Lide Coker, was president of Coker's Pedigreed Seed Co. in Hartsville and was one of the nation's most respected agricultural leaders. He headed a staff of scientists who bred pedigreed seed varieties of the South's major field crops.

He led the war to eradicate the boll weevil. He served as president of the National Cotton Council. He helped form the South Carolina Farm Bureau and was its first president. He helped organize and served as president of the National Council of Commercial Plant Breeders.

He also was a member of the boards of various companies and was active in education, particularly relating to agriculture. For his work, he received numerous awards and honors, including honorary degrees from the University of South Carolina and Clemson.

Mr. Coker's life of service left another example of the dedication of a family that imprinted its name on dozens of progressive enterprises.

[From the Florence Morning News, Sept. 30, 1987]

#### ROBERT R. COKER

Robert R. Coker who died Monday in Hartsville came from a family well-known for its industriousness and remarkable accomplishment in several areas—agriculture, business, education, science and philanthropy.

The earlier Cokers were among the pioneers in scientific farming methods in this area of South Carolina, and that presaged a seed and plant breeding business. Coker's Pedigreed Seed Co. was started by Robert Coker's father early in this century.

Robert Coker joined the seed company after graduating from college in 1928 and became its president in 1951. The company assembled teams of plant breeders and researchers that developed improved varieties of the major field crops grown in much of the Southeast—cotton, tobacco, hybrid corns, wheat, oats and soybeans.

Cotton research was a special interest of Robert Coker's. He was quoted as saying many years ago, after the boll weevil had become a major threat to cotton farming in the South, that he wanted to be a pallbearer at the last funeral for the pest.

He almost was. The federal Boll Weevil Eradication Program, which Coker helped to launch and promote, has substantially controlled the pest through a combination of cultural practices and insecticides.

Robert Coker's list of accomplishments and professional and civic involvements runs long—a director on the boards of several companies, life trustee of Clemson University, former member of the state Commission on Higher Education, Brookgreen Gardens trustee, founder of the South Carolina Farm Bureau, recipient of several awards for distinguished service.

A man of large intellect and vision, he made good use of both in the furtherance of agriculture, education, and the numerous business, professional and civic endeavors of which he was a part.

#### A EULOGY AT THE FUNERAL OF ROBERT R. COKER

(By James A. Rogers)

I speak in fond memory of a friend of some 35 years who is now being memorialized by our presence here today. He was six days my junior—a fact we often talked about. For him it was a brief period during which he could claim to be a younger man than I. He would sometimes say that if he went first, he would like for me to say some words about him. I suspect he may never have conveyed that wish to his family, that instead it is but wonderful coincidence that when I visited the home yesterday afternoon, his faithful partner of many years called me aside to request that I speak some words on this occasion—I do so with both joy and sorrow—joy because of the many years we knew and cherished a mutual friendship, sorrow because he is now gone away and remains only in memory.

How do you measure the worth of a man? By what he is within himself. By what he believes with his mind and heart. By what he does with his head and his hands. By what he perceives to be that to which he must give his life. By what he achieves by his talents and resources. By what he leaves behind when he is gone to survive as a legacy for those who remain—those meaning not only his family but those also who are the people and times in which he lived and the generations that follow on.

By these measurements, his record is written in a lifetime of service on many fronts—in agriculture and industry, in business and finance, in education and institutions. For 82 years he lived in this place with his roots

buried deep in the soil of his native South. From his father and his grandfather, he inherited a relief that the productivity of the land is in ratio to the quality of the seed that goes into the soil, that purity of seed is as essential to the produce of the plant in much the same way that nobility of character is the product of a well-bred and disciplined life. He was born with scientific genes in his blood. Though no trained scientist himself, he directed the affairs of a scientific operation that played a major role in transforming and revolutionizing the South's agricultural landscape. It was once said of his father, the late David R. Coker, that he was perhaps the greatest agriculturalist the South had ever produced. That legacy was passed on to his son who for more than half a century added to the contributions of his distinguished forebear.

Though Southern by birth and devotion, and somewhat of a Southern romantic, he was no Southern provincial. His involvement in educational institutions, in scientific research and experimentation, in farm organizations, in business, industry, and finance gave him a broad view of what the economy of the nation and the world is like and how no portion of it can suffer without damaging the whole.

There was a bit of the child in him and much of the man. His was a childlike faith not given to the complexities of doctrine or theology. He wondered about the mysteries of creation and the world of the spirit. Once he came to me to talk about life as he saw and experienced it, and what there is beyond the world of sight and sound. That there was this life to be lived and cherished he knew; that there was life beyond this one he had faith to believe. He was guided by a faith that went beyond the bounds of reason, that reached out into the universe and traveled the distance of the stars into the infinite unknown, and there in the unimagined reaches of space, as well as in the quiet moments of his own experience, he found the same reason to believe as when he saw the sun wooling plant from seed on the farmlands of the South.

He was my friend, and the friend of many—six days younger than I and never letting me forget during those days that he was the young and I was the old. But the young and the old survive until their day is done, and then move by faith into what lies beyond. When I visited him last in his hospital room, he was ready to move by faith, and this he has done.

#### CATASTROPHIC HEALTH BILL

Mr. KERRY. Mr. President, I would like to commend Senator BENTSEN and the members of the Finance Committee for their hard work in putting this package together. I believe the debate on this issue has been extremely positive and has shed light on many of the serious health care concerns facing the citizens of our Nation.

Despite the major contribution Medicare has already made to the health and well-being of the elderly and disabled, this program no longer assures protection against significant out-of-pocket costs for doctor and hospital bills resulting from a catastrophic illness. Under the current system senior citizens and others faced with the catastrophic cost of an extended illness must often exhaust their financial resources to pay for health care.



While senior citizens account for 12 percent of the population, they incur one-third of the country's total health care expenditures. Four million of these seniors live below the poverty level. This year catastrophic illness will bankrupt approximately 1 million Americans, 750,000 of whom are elderly.

This situation is intolerable and grows increasingly worse as our population ages and health care costs continue to rise. There is no question we must act immediately to solve this problem which affects such a large and disparate portion of our society.

In placing a cap on out-of-pocket expenditures by the elderly for health care services covered by Medicare, including hospitalization, doctor's services, and other out of pocket patient care, this legislation represents a historic first step in eliminating the fear of financial disaster associated with catastrophic illness.

In addition, the bill eliminates coinsurance requirements for inpatient hospital services, and expands existing Medicare benefits for home health care, hospice care and skilled nursing facilities.

I am particularly pleased with the inclusion of the prescription drug benefit. Drug costs remain the highest out-of-pocket health costs for senior citizens. People over 65 purchase over one-third of the prescription drugs sold in the United States. Almost 5 million Medicare beneficiaries spend more than \$400 each year on prescription drugs, the average annual cost for this group is \$927. In this great Nation we cannot have our citizens choosing between buying prescription drugs and paying for day-to-day necessities.

I am also pleased that this body is beginning to address the issue of spousal impoverishment. Currently, Medicaid rules continue to require that most of a couple's joint income be used to pay for the cost of institutional care. Far too often one's life savings, independence, and a degree of self esteem are the price one must pay to provide long-term care for a loved one.

While this legislation represents a good first step toward truly providing catastrophic coverage, it is only a first step—we must go forward and address the issue of long-term care.

Although 80 percent of catastrophic health care costs are associated with long-term care, strict limits still exist on Medicare coverage for this care. And, while this legislation touches on home health care needs and spousal impoverishment, we have yet to scratch the surface on a comprehensive policy to deal with long-term health care needs.

I am pleased to be a cosponsor of Senator CHILES' amendment to establish a Bipartisan National Commission on Comprehensive Health Care in order to address the issue of long-term care. I look forward to the recommendations of this committee and to work-

ing with my colleagues to make catastrophic coverage truly comprehensive.

We have the unique opportunity to finally take decisive action to help eliminate one of the greatest fears of millions of Americans—the inability to meet one's own or one's family's health care needs without suffering financial disaster. I support this bill and view it as a first step in the struggle to protect all Americans against a catastrophic health care disaster.

#### JESSICA MCCLURE'S BRAVE RESCUERS

Mr. DOMENICI. Mr. President, I would like to take a moment today to honor three brave and daring men, two of which are from New Mexico.

Just 2 weeks ago, the Nation watched as little Jessica McClure tenuously clung to life wedged 20 feet underground in an abandoned well. The thoughts and prayers of the entire Nation were with her as rescuers worked around the clock to save her life.

Among these generous people who worked diligently to save Jessica, were three Federal employees of the Labor Department's Mine Safety and Health Administration. President Reagan recently saluted these three workers saying "I think we're all thankful in our hearts for the generous people who worked around the clock, through fatigue, past exhaustion, to save little Jessica."

When Wayne Kanack, manager of the southwestern division of the Mine Safety and Health Administration, heard about the emergency he immediately contacted the two most experienced hard-rock miners in the Southwest, Dave Lilly and Sid Kirk. Dave Lilly brought 32 years of mining experience to the rescue effort and Sid Kirk, 46. They are both residents of Carlsbad, NM. Together, all three of these generous men worked past the point of exhaustion to keep Jessica alive. Thankfully, they were successful.

Wayne Kanack, Dave Lilly, and Sid Kirk and all of those who helped in the rescue effort, represent the spirit of volunteerism that makes our country great. I join the McClure family, the State of New Mexico, and the rest of the country in giving them my heartfelt thanks. We are very proud of these three men and are thankful for their tremendous expertise.

Mr. President, I ask to have printed a collection of articles that appeared in the Albuquerque Journal, the Albuquerque Tribune, and People Magazine.

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

[From the Albuquerque Tribune, Oct. 24, 1987]

#### REAGAN PRAISES N.M. MEN FOR SAVING TODDLER FROM MIDLAND WELL

WASHINGTON (AP).—President Reagan, saying "we're all very proud of you," on Friday saluted three federal mine safety agency workers—two of them from New Mexico—who helped rescue little Jessica McClure from an abandoned well in Midland, Texas, last week.

"Recently the country was riveted, as you know, all of us, to the story of tiny Jessica McClure, and I think that we all said prayers of thanks when that story had a happy ending," Reagan said.

Sitting in the front row as Reagan spoke during a jobs conference at the Labor Department were three men who were among those who rescued Jessica—Wayne Kanack, Dave Lilly and Sid Kirk. They are employees of the Labor Department's Mine Safety and Health Administration.

"I think we're all thankful in our hearts for the generous people who worked around the clock, through fatigue, past exhaustion, to save little Jessica," Reagan said. "And of course, that's why I'm happy, and I think we are, that three employees of the Department of Labor . . . are here with us today, having done their job so well."

"Wayne Kanack is the manager of the southwestern division (of the Mine Safety and Health Administration). When he heard of Jessica's plight, he called on the two best people he could think of—Dave Lilly and Sid Kirk—both experienced hard-rock miners," Reagan said, adding:

"Working closely together, they directed the rescue operation, drilling a hole parallel to the well and then digging a shaft across to reach Jessica. In fact, Dave Lilly chipped away by hand the last few inches of rock to make the first physical contact with little Jessica."

Reagan noted that Vice President George Bush had visited Midland, Texas, and presented the men with certificates of recognition following the rescue last Friday night.

The president had a private, brief visit with the three men just before he entered the Great Hall of the Labor Department for the jobs seminar.

Lilly, who lives in Carlsbad, is a special investigator with the mine safety agency's Carlsbad office.

Kirk, who also lives in Carlsbad began his career as a coal miner in 1941 and has worked for the federal government as a mine inspector and later as supervisor in the Carlsbad office since 1974.

[From The Albuquerque Journal, Oct. 24, 1987]

#### REAGAN TELLS 3 RESCUERS, "WE'RE PROUD"

WASHINGTON.—President Reagan Friday praised three Labor Department employees involved in getting 18-month-old Jessica McClure out of a Texas well shaft, saying, "We're all very proud of you."

"Recently the country was riveted, as you know, all of us, to the story of tiny Jessica McClure, and I think that we all said prayers of thanks when that story had a happy ending," Reagan said at a labor conference.

Sitting in the front row, as Reagan spoke were the three men who were among those who rescued Jessica—Wayne Kanack, Dave Lilly and Sid Kirk.

All three work for the Labor Department Mine Safety and Health Administration.

"I think we're all thankful in our hearts for the generous people who worked around the clock, through fatigue, past exhaustion, to save little Jessica," the president said. "And of course that's why I'm happy, and I



think we are, that three employees of the Department of Labor . . . are here with us today, having done their job so well.

"Wayne Kanack is the manager of the southwestern division (of the Mine Safety Health Administration). When he heard of Jessica's plight, he called on the two best people he could think of—Dave Lilly and Sid Kirk—both experienced hard-rock miners," Reagan said.

Lilly, who lives in Carlsbad, is a special investigator with the mine safety agency's Carlsbad office. He began working in the industry as a coal miner in 1933, and has worked as an inspector and later as supervisor in the Carlsbad office since 1975.

Kirk, who also lives in Carlsbad, began his career as a coal miner in 1941 and has worked for the federal government as a mine inspector and later as supervisor in the Carlsbad office since 1974.

[From People Magazine, Nov. 2, 1987]

#### THE EPIC RESCUE OF JESSICA MCCLURE

It was about 9:30 a.m. on Wednesday, Oct. 14 that 18-month-old Jessica McClure, playing with four other toddlers at her Aunt Jamie Moore's home day-care center in Midland, Texas, somehow slipped into an abandoned well shaft. Exactly how she did it may never be known; neighbors and relatives say a flowerpot had been propped over the well's eight-inch opening. Jessica's mother, 18-year-old Reba (Cissy) McClure, insists that the hole had been covered with a heavy rock. Father Chip McClure, also 18, was at work. Cissy had stepped away for a moment when she heard the children screaming. Discovering what had happened, she says she was "scared, panicked, I didn't know what to do. I just ran in and called the police. They were there within three minutes, but it felt like a lifetime." Thus began baby Jessica's 58-hour ordeal. In the end her deliverance was a good, a powerful, an unforgettable memory for a lot of people in Midland—especially for her rescuers, some of whom rose to eloquence in describing the drama on the following pages to correspondents Lianne Hart and Anne Maier.

Bobbie Jo ("B.J.") Hall, 32, police officer: I was the first officer on the scene. I arrived at the same time as the first paramedics. The mother met us at the front door of the house. She was very upset, but she was able to direct us to where the child was. She yelled, "She's here in back. She fell down right here." Then she said, "I can't let my baby die! I've got to get her out!"

I went over and looked down the hole, but I couldn't see anything. I called the baby's name three or four times and didn't hear anything. Finally I got a cry in response. We didn't know how deep she was until we lowered a tape hooked to a flashlight into the hole.

Those first 15 minutes seemed like hours, but basically all we did was start calling for equipment. I said, "We gotta get her some air down there!" I told the dispatcher to get ahold of some oxygen equipment.

About that time it got very chaotic. People were arriving fast. We all called to the baby. We used our flashlights to look down the hole, but we never could get a visual on her. We didn't get one until later in the afternoon, when we lowered a video camera down there and got a side view of her.

The mother was pretty panicky. She was frantic. She was starting to go into shock, I thought. I just tried to get her talking. I told her I had children too, so I understood how she felt. I told her we weren't going to let her baby die. That's what she kept worrying about—her baby dying.

Once all the equipment started rolling in, she calmed down a little. It was wild. We tore down fences; we tore down clotheslines—all kinds of things to get that equipment in. The first thing we tried was a backhoe the city brought over. It dug down two or three feet and then hit rock. We knew we didn't have the time to dig through rock with a backhoe, so they called for this big rathole rig. That's something like an oil rig, only smaller. It's used to put in telephone poles.

I was there the first 22 hours. Then I went home to my own kids and came back Friday and stayed until they got Jessica out at 7:55 p.m. We took turns staying by the hole talking to her. Every time she'd cry or whimper, it was kind of a "Help me, I'm hurt" kind of whimper. Our hearts went up in our throats when we heard it, but not hearing her was even worse. Sometimes she would go 30 or 40 minutes without a sound, and we'd all get hysterical and start calling her again until we'd get a response. I guess she was getting tired and would fall asleep from time to time.

Andy Glasscock, 36, detective: We began to shout down the well, and Jessica responded with whimpers and cries. After listening to her for so long, I could tell her moods. At one point she was singing. At another point, when a jackhammer started up, she didn't say any words but used kind of a huffy little voice. You could tell it was an angry voice. I would say 80 percent of the time she was either crying or making some kind of noise we could hear.

When we weren't calling words of encouragement, we'd tell her to sing for us. I'll never forget her singing "Winnie-the-Pooh." We'd say, "How does a kitten go?" And she'd respond to us. We'd promise her things like a Cadillac if she'd stop crying—I don't guess she'd try to collect on that one. David Lilly, 51 special investigator with the U.S. Mine Safety and Health Administration, rescue director: I grew up in West Virginia, and my family were all miners. Over the years I've seen it all. I've been in a lot of recovery work, lifted rock off people who were crushed, retrieved people from shafts. I've seen lots of fatalities. But I've never seen anything like this in my life.

I flew in from New Mexico Thursday morning. When I arrived on the scene, the police chief and fire chief were trying to organize the rescue, and it was total chaos. They had no experience and didn't know what they were doing. They interviewed me for about 10 minutes to see what I knew, I guess, and then put me in charge. By the time I'd got there, they had already sunk a parallel shaft about 29 feet into the ground, 30 inches wide, and they were starting on a horizontal drift toward the well that would have brought them right into where the girl was. That would have been disastrous, because they would have had to break the well in on her. So right away I changed the angle of the horizontal drift so it would break through two feet below her.

I made several changes in the way the work was being done. They'd been using some old two-inch, star-shaped bits that would wear down after just a few inches. Then they would take them up and sharpen them again. So I got in some bits that were made of tungsten carbide. Our strategy was that we would drill a series of holes in a square about 24 inches across and 18 inches down. The holes would be no more than two inches apart. Then we would take down a 45-pound jackhammer, also with a tungsten bit, and hold it there to knock out the rock. We were going at about an inch an hour. It was terribly hard rock, and it was slow going because you had to lie down on your stom-

ach holding a 45-pound jackhammer in front of you.

But I've never seen more dedicated people. We actually had to force some of the men to quit and leave because they were about to drop. One guy was lying on the ground throwing his guts out. Another dropped from exhaustion, and we had to carry him out. It was a sight to see.

When I finally broke through into the shaft under where the girl was, I reached in and felt her foot and leg. When I had done that and heard her start crying, from that point on every time we'd go down and work for a little while, we'd have to stop because all the men, including myself, were getting so upset at hearing that baby cry. It really slowed us down, because all the men, the chippers and drillers, would start bawling.

She'd been slipping on us. She was dehydrating, so I guess as she got smaller she slipped further down. The doctors told us it was just a matter of time before she slipped farther down. That had me worried. I drilled straight across the well about two feet under her and inserted a metal rod to stop her descent. Then I inserted an industrial-strength balloon into the well under her to protect her from the dust and noise.

Paul White, 34, building contractor, volunteer driller: I've drilled a lot of granite. Granite will chip off. This stuff you had to pulverize to powder before it would let go. It would be as if someone gave you a hammer and chisel and told you to cut through a three-foot wall. The jackhammers would bounce off the rock. It was like hitting a piece of steel.

A normal guy can run a jackhammer all day long with breaks of 10 or 15 minutes. The way we were doing it, horizontally, one guy was wasted in 30 minutes, and some of these guys were built like they could out-wrastle a horse. Nobody wanted to put a damper on anybody's drive, but it seemed hopeless down there. It was scary. It was like being in a grave. I hate to say that, because that was where Jessica was at. But you kind of had that feeling down there.

Every time I thought about that little girl—I remembered her from church—I could see her mischievous eyes peeking over the back of the church bench. What you had there at the site was a bunch of grown guys looking to get her out so they could all go home and cry.

David Lilly: I wouldn't let no one but me chip into the well near Jessica. See, I've got a little granddaughter 8 months old, Candace Lee, and the whole time we were fighting this I could see my granddaughter's face. I used a hydro drill, which puts out a spray of water under about 40,000 pounds of pressure. It was better for that last stretch because it couldn't hurt little Jessica. I broke out a cavity as wide as the well, 8 inches by 10 inches, and when I finally got that, I said to the paramedics, "It's up to you."

Robert O'Donnell, 30, paramedic: Me and Steve Forbes more or less volunteered ourselves because we both have children, and I've gotten kids unstuck from different situations before. At first some were saying, "Whichever driller gets there first, just grab her and pull her out." As a paramedic, I was saying, "No, that's wrong." We didn't know how she went into the well. If it was head first, she could have neck and spine damage, and any movement could have snapped the cord and we'd be bringing up a dead baby.

There must have been 10 or 12 false alarms, but finally on Friday at about 1 p.m., they said they were ready for us. I wasn't scared, but I was real apprehensive—I was going 29 feet down inside a black hole. I was wearing a mining light and a harness



connected to a cable, and they lowered me slowly. Mr. Lilly was already down there, and he told me I would have to wriggle toward the well on my back or stomach like a snake. It was so tight in the tunnel it was like taking a sleeping bag and wrapping in around you. I inched along, and when I looked up, I saw Jessica's left foot dangling. Her parents had told us her nickname was Juicy, and that's what I called her. I said, "Move your foot for me, Juicy," and she'd do it. She'd whine once in a while, but she wouldn't talk words. I wanted to see what kind of physical condition she was in. I took her left leg and pressed up on it, and she didn't act like she was in pain. The main thing to do was to find out her position: Was she lying down up there? Was she in some kind of opening? I couldn't pull her down. She wouldn't move at all. I decided not to try, because I was afraid I would break her back or neck.

I knew that we couldn't get her out the way she was. There was no way. We're down there 40, 45 minutes, and I'm trying to be calm, but all I know is there's a baby stuck in there and there's no way to get her out without hurting her. That's the hardest thing I ever did, leaving that baby in there, and if I think about it too much, I could probably cry right now.

When I got up to the surface I told Mr. Lilly I had to have more headroom and I had to be closer to the child. While the drillers began to widen the tunnel, some of the pediatricians questioned whether I should go back in or not. They thought I was too distraught. But around 6 o'clock, after several more false starts, we went down again. We had talked about what we'd have to do this time, because we were going on 50 hours and the pressure to get Jessica out had mounted to a high in intensity. We had gotten to the point where if we had to get physical to pull her out, we were not going to worry about broken legs, broken arms, nothing—as long as we kept her back, neck and head intact. The rest could be fixed. Whatever broke, broke.

They had given me two or three more inches height-wise in the tunnel, but they didn't get me any closer to her. I had one rubber-tipped leg of a photographer's tripod with me, and when I pushed it up, she seemed to move a bit. I managed to push it all around her, so I knew she was sitting straight up in the hole with her left leg hanging straight down. I figured out that her right leg wasn't caught in a crevice, it was straight up by her head. She was in a split.

I lined the walls of the shaft with K-Y jelly and started pulling. She didn't like it at all. She had blue baby pants with snaps, and I got my hands wrapped in them pretty good and just kept pulling. She kept yelling, screaming, crying. One time she cut loose a big "No!" I kept calling her Juicy and telling her to calm down, but every time I pulled she tensed up real hard. So I'd keep a snug grip, and just when she'd relax, I'd yank even harder. Over and over I did this. When my right arm got too tired to pull any more, I'd go with my left, then back to my right.

Finally I noticed I had moved her two inches, then three inches. Then I got her into the K-Y jelly, and she started moving even better. I could move her half an inch at a time. Steve slipped the backboard to me. I pulled again and she came down. She was facing me, both arms beside her head. I said, "You're out, Juicy." I didn't have to tell her to calm down, because she was totally calm already. She wasn't moving, nothing. She was just blinking her eyes, looking around, breathing real easy. Her right leg was still up by her head, and you could see that the circulation had been cut off. They

say her foot is pinking up, but when I saw it in the tunnel it was black.

Steve Forbes, 24 paramedic: After she was strapped to the backboard, I put her up against me and stood up. They lowered the cable down, and we floated on up real slow. We were face-to-face, and those big ole eyes just stared at me and I just stared back. It was a lot like Jessica was physically being born again. She came out slow, then fast, and she had that same look on her face as a newborn. Like, "Humm, so this is it." It felt like her hands were almost in a fetal position while she was in the well.

Robert O'Donnell: I'd worked on her for an hour and 20 minutes. I was totally exhausted—totally elated too. I said prayers while I was down there. I cursed, I tried it all. I've saved other people's lives before, but there'll never be nothing like this again.

B.J. Hall: What really was touching was when they got her out, the route we took to the hospital—I was behind the ambulance. The streets were lined with people, and they were all cheering and the church bells were all ringing. It was the greatest thing I've ever seen.

Andy Glasscock: After they brought her out, I cried for two hours. They had to take me home. My kids live in another town with my ex-wife. The first thing I did was call them and tell them I love them.

Steve Forbes: Last night I couldn't go to sleep. I kept thinking about the rescue, and what I felt was joy. The best way I can describe it is, when we came up and I heard everybody screaming, well, it was the same joy that I felt three other times in my life: When I got married and after the births of my children.

David Lilly: Afterward, I just barely made it to a motel. I was caked with mud and completely exhausted. I called my wife and said, "I can only talk a minute, but you wouldn't believe what I've been doing." She told me, "I know what you've been doing, because I've been watching you on TV." I said "Noooo!" I had no idea. I told her, "I've got to take a bath and then die." But I couldn't sleep. It's funny. I slept maybe three hours that night. The rest of the time I paced the floor and smoked. I've never had such an experience.

#### CATASTROPHIC ILLNESS PROTECTION IS A GREAT VICTORY FOR SENIOR CITIZENS

Mr. RIEGLE. Mr. President, the catastrophic health care legislation we have passed here in the Senate is a major breakthrough in providing our senior citizens with the medical protection they need—from major hospitalized illnesses.

We know a single major illness can wipe out a person's entire lifetime savings, without warning. The six public hearings I held across Michigan gave us the testimony of thousands of people who gave personal evidence of why America needs catastrophic health care protection.

Under this bill, our Medicare beneficiaries will have their out-of-pocket health care cost capped at \$1,850 a year for acute illnesses regardless of how long they are hospitalized or the amount of their doctor bills. New financial help is also provided for prescription drugs. This new medicine coverage will help protect both the health, and the savings, of our senior citizens.

Mr. President, I urge all of my colleagues to join with me in supporting passage of S. 1127, the Medicare Catastrophic Loss Protection Act. This legislation marks an important step toward providing Medicare beneficiaries with the protection they need. Although there are still major gaps in coverage for Medicare beneficiaries—especially in long-term care—this legislation is the most significant expansion of Medicare since the program was created in 1965.

Until this bill becomes law, a single serious illness can wipe out a person's lifetime savings without warning. The urgency of this problem became clear when I held six large public hearings in Michigan. Widespread public concern was demonstrated by the impressive turnout. Over 1,200 citizens attended the health hearing in the city of Warren alone. More than 200 witnesses testified at the hearings. Their testimony was stunning. I am convinced that this legislation will address many concerns that were raised at those hearings.

The bill before the Senate today primarily addresses the problems of seniors who get hit with a major, acute illness. No longer will seniors be driven into poverty by huge medical bills resulting from acute illness. The current Medicare system ceases to cover hospital stays after a limited number of days. Under the catastrophic bill, Medicare will provide for an unlimited length of stay in the hospital, as well as covering doctor bills. For all Medicare covered services, beneficiaries will be protected by an \$1,850 a year limit on out-of-pocket expenses.

This legislation is needed most desperately by the 6 million Americans—about 22 percent of Medicare beneficiaries—who have no health insurance beyond Medicare. Most of these people are poor and near-poor elderly. They may be unable to afford MediGap insurance, leaving them vulnerable to catastrophic expenses.

President Reagan is to be commended for proposing catastrophic legislation. The bill before the Senate today, in response to the President's initiative, retains the principle set forth in his original proposal. The added coverage will not be paid for out of general revenues, but will be paid directly by the individuals receiving these new benefits. The coverage will be financed by an increase in the basic Medicare premium, and by a new supplemental premium based on the ability to pay.

I am pleased that the Senate accepted a key amendment which I introduced to protect millions of senior citizens who already have catastrophic benefits provided by their employers or former employers. Without my amendment, an inequity in the legislation would have required certain Medicare recipients to pay higher premiums for benefits they had already earned in their place of employment. My amendment requires that former



employers provide recipients with new, additional health benefits above those provided for in the Senate catastrophic health care bill, or to refund to them the cash value of those benefits. This is a crucial protection for Michigan retirees, many of whom are beneficiaries of such employer-sponsored health care plans.

Another important addition was made to this bill when the Senate passed an amendment, of which I am an original cosponsor, which provides protection against catastrophic prescription drug expenses. Prescription drugs are crucial life-sustaining items for older Americans. Persons age 65 and older represent 12 percent of the population but consume 30 percent of all prescriptions filled in the United States. The prescription drug benefit will help control costs for people with very high drug bills, particularly for low- and moderate-income individuals who most need protection. About 5 million citizens will benefit annually from this coverage.

Mr. President, a personal tragedy was brought home by the hearings I held in Michigan: Too often, when one spouse became seriously ill, or required extensive nursing home care, the other spouse was driven into poverty before receiving help with huge medical bills under Medicaid. In Michigan, as elsewhere, lawyers are counseling senior citizens—many of whom have been married for decades—to get a divorce if one spouse suffers a catastrophic illness. Mr. President, this is a totally unacceptable requirement of Government policy. That is why I cosponsored the important amendment by Senator MIKULSKI and others, which has been adopted by the Senate, which permits couples to maintain sufficient assets and income so that they can remain married, and no spouse will be driven into poverty to allow the other to qualify for Medicaid.

Many gaps will remain open even with the passage of this catastrophic bill. The most problematic issue not covered in the new legislation is that of long-term care, including home health and nursing home care; 81 percent of the elderly's catastrophic out-of-pocket expenses are for long-term care. With the average nursing home bill running \$22,000 a year, it is easy to see how long-term care needs can quickly bankrupt our senior citizens.

The catastrophic bill makes some steps toward improved coverage of long-term care. It expands coverage for skilled nursing home care from 100 to 150 days. It also includes a provision which I offered in the Finance Committee, and which was accepted by the committee, to eliminate the 3-day prior hospitalization requirement for eligibility for skilled nursing facilities. No longer will our senior citizens have to make unnecessary and costly hospital stays to qualify for needed nursing home care.

I urge the passage of this important legislation. Yet it must be remembered that there remains much more work to do before Medicare provides truly comprehensive insurance. We ought to have in place an insurance system where people are no longer put in a situation where health care needs tear their lives apart.

Nursing home care and home health care needs of the chronically ill are growing national needs that we must find new ways to address. I am determined to press ahead until we find a workable answer. This catastrophic bill is a major step in the right direction—protecting our senior citizens against financial devastation by health care costs, and protecting their dignity in the process.

### MEDICARE CATASTROPHIC LOSS PREVENTION ACT

#### MENTAL HEALTH BENEFIT

Mr. MITCHELL. Mr. President, I would like to compliment Senator BENTSEN on his strong commitment to making changes in Medicare's mental health benefit through the budget reconciliation process. I wanted to offer a mental health amendment to S. 1127 when we marked up the bill in full committee, but because of his desire to address the issues related to the mental health needs of our elderly population through the budget reconciliation process, I agreed to wait for that process to begin.

As noted, the week of October 4-10, 1987, has been designated as Mental Illness Awareness Week. Therefore, it is most fitting that we discuss the need to change Medicare's outdated and outmoded coverage policies for those with mental and addictive disorders. Neither outpatient nor inpatient benefits have changed since the inception of the Medicare Program in the 1960's. Care in a psychiatric hospital is limited to 190 days per a beneficiary's lifetime. Outpatient psychiatric care poses an exceptionally burdensome problem for our elderly and disabled beneficiaries with a \$250—after a 50-percent patient-borne copayment—limit per annum. The latter benefit has not been indexed in any way since Medicare was enacted and its value has been seriously eroded by inflation. This extreme limitation on outpatient care may, at times, encourage beneficiaries and physicians to use more expensive hospital care.

During the budget reconciliation process, let us give our elderly and disabled beneficiaries an opportunity to take advantage of some of the exciting new breakthroughs in the treatment of mental illness by changing Medicare's coverage policies for those with mental and addictive disorders. For example, researchers have documented that some cognitive deficits and memory losses associated with Alzheimer's disease may be modifiable with medication and psychotherapeutic intervention. Last, but not least, the

genetic bases of many mental illnesses such as manic depression have been identified. Let us adjust Medicare in the near future to meet the challenges posed by many of the new research discoveries regarding mental illness. I once again thank Senator BENTSEN for his sincere efforts in pursuing an issue of great importance to me.

Mr. MATSUNAGA. Mr. President, as a cosponsor of Senate Joint Resolution 76, I rise to express my concern about the inadequacies of the current Medicare mental health benefit after observing "Mental Illness Awareness Week," October 4 through October 10, 1987. There are many Senators, including the chairman of the Finance Committee, Senator BENTSEN, who share this concern. I would like to express my appreciation to Senator BENTSEN and to the chairman of the Health Subcommittee, Senator MITCHELL, for holding hearings on Medicare coverage of this long-overlooked area on June 18, 1987.

Over the past few months, we have witnessed the development of a growing consensus among Members that an expansion of the Medicare mental health benefits is in order. The current \$250 "cap" on outpatient mental health benefits has not been increased since Medicare was established. This amount in constant dollars buys only about \$57 worth of care in 1987.

Mr. President, recently, exciting new breakthroughs in the treatment and cause of mental disorders have changed our understanding of mental disorders, and have given us the ability to treat such disorders much more effectively. Access to these advances is largely denied to beneficiaries because of current policies. Medicare's inadequate coverage dissuades many beneficiaries from seeking mental health care when it is most timely and effective; consequently there is much needless suffering and expense.

Most researchers agree that the mental health needs of elderly individuals are underserved. Between 15 and 25 percent of this population suffer from significant mental illness symptoms. As they lose spouses and loved ones, physical functioning, and meaningful work, they are placed at significant risk. These needs are often mistakenly treated as physical disorders.

On March 11, I introduced S. 718, a bill which would eliminate the limit on Medicare outpatient mental health benefits. Two other members of the Finance Committee are cosponsors of this measure, Senators ROCKEFELLER and MOYNIHAN, along with four other of our colleagues, Senators MELCHER, INOUE, WIRTH, and BURDICK. During the Finance Committee's consideration of S. 1127, I was prepared to offer a more limited proposal to raise the outpatient services cap from \$250 to \$1,000 per year. This provision is in the House-passed version of the Medicare catastrophic legislation.



Mr. President, I withheld offering the amendment, in anticipation of the June hearing which produced information assisting us in weighing the options for a more comprehensive reform of Medicare policy regarding mental health. Senators MITCHELL, DURENBERGER, and I have been working together during the ensuing weeks on developing proposal to improve the mental health coverage that will, within the bounds of financial constraints which we all recognize, best meet the unaddressed mental health needs of Medicare beneficiaries.

Once more, we will withhold offering such an amendment to S. 1127 during floor consideration, since this vital expansion was approved as part of the budget reconciliation legislation during the Finance Committee markup on October 6, 1987. As deliberations and negotiations on the fiscal year 1988 budget process, I trust that the chairman will continue to advocate this most important Medicare improvement.

Mr. MELCHER. As we consider the Medicare Catastrophic Loss Prevention Act, I would like to call attention to a particular need which has not been met in this bill. Our House colleagues voted to expand Medicare's outpatient mental health benefit so that beneficiaries with mental and addictive disorders would have expanded access to outpatient care. We have not done so within S. 1127 and I urge the Senate to make changes in Medicare's outdated and outmoded mental health benefit in another vehicle in this session of Congress.

I find it shocking that our elderly Americans are limited to the same dollar amount of outpatient mental health services under Medicare as when the legislation was first passed 22 years ago. This discriminatory cap is even more shocking when we consider the high incidence of mental illness and suicide among the elderly—illness that could be treated and lives that might be saved with appropriate medication and psychotherapy.

The field of psychiatric medicine has made dramatic advances in these 22 years of Medicare. For instance, researchers have documented that the memory loss and other cognitive deficits associated with Alzheimer's Disease may be modifiable with medication and other therapeutic interventions. By denying our senior citizens the advantage of these new treatment methods, we may also, in effect, be committing many of them to unnecessary and costly nursing home confinement. With proper mental health diagnosis and treatment, many of them could and should be happier and healthier at home.

According to these studies, the incidence of hospitalization and other health care use also decreases if mental health services are available, particularly for those over age 65. It just doesn't make sense to continue denying mental health care benefits

that could be cost beneficial as well as health beneficial.

Medicare has moved along in recent years in recognizing exciting new procedures such as magnetic resonance imaging, laser cataract surgery and pacemaker implantation. Our senior citizens deserve the benefits of enhanced health and life-saving treatment under modern psychiatric medicine as well.

In this month, where we have recognized Mental Illness Awareness Week, and as a cosponsor of S. 718, The Medicare Mental Illness Non-Discrimination Act of 1987, I urge my colleagues to change Medicare's psychiatric benefit in the near future.

Mr. DURENBERGER. Like my colleagues, Senators MATSUNAGA and MITCHELL, I am absolutely committed to improving mental health coverage for Medicare beneficiaries as soon as possible.

Although almost every other technological and medical advance has been added to the Medicare benefit package, the elderly are denied access to the great improvements made in mental illness treatment.

Change is long overdue. Our Medicare mental illness payment policy is archaic. Despite advances in clinical treatment of mental illness since Medicare was enacted in 1965, the payment for outpatient treatment has stayed at \$250; if the cap were extrapolated for inflation, it would be about \$1,000 today. Congress has allowed the coverage originally authorized to be severely reduced.

Medicare coverage for the mental ill was developed in an era when most psychiatric patients were hospitalized. There were concerns that doctors and patients would make extensive use of long-term psychotherapy. That vision and fears of great expense to the trust fund have prevented change.

The emphasis on hospitalization of psychiatric patients resulted in a benefit design constructed around inpatient care. Today, we persist in maintaining a benefit package which limits outpatient care availability and actually encourages the use of expensive hospitalization.

Among the most striking developments in the treatment of mental illness has been in the field of psychopharmacology. Psychiatry is now supplied with a panoply of drugs which, with proper patient management, hold out renewed hope for the mentally disabled.

Despite the obvious need for care and advances in therapy design and effectiveness, most people in our Nation and especially the elderly, do not make use of mental health services. We need to remove in appropriate benefit barriers which further reduce access. We need instead to provide incentives that encourage more effective and less expensive care.

But, I am willing to wait until budget reconciliation to do it, to meet our other obligations to enact cata-

strophic illness coverage as soon as possible. I appreciate the commitment of the chairman of the Finance Committee to make improvement in mental health coverage a high priority in budget reconciliation legislation.

Mr. HEINZ. Mr. President, I join my colleague from Texas and others in expressing the hope that the Senate will address the need for changes in Medicare's mental health benefit.

During my 6 years as chairman of the Senate Special Committee on Aging, I saw two different snapshots of what it is like to be old in America. First was the full color glossy print of a happy couple, retired to the southern sun in the company of family and friends. Second was the stark black and white negative of an older man or woman, alone and isolated from society, suffering not just physical limitations, but mental disorientation and pain.

Unfortunately, for at least 15 to 25 percent of Americans over age 65, the second snapshot is a more realistic self-portrait. These are the millions of seniors—as many as 3 to 7 million seniors—suffering from depression and other chronic or acute mental diseases.

For too many years, Mr. President, through misunderstanding, prejudice or misplaced economies, we have restricted access to appropriate quality mental health services for these individuals under Medicare. For example, we still have the original outpatient benefit of \$250, with a whopping out-of-pocket copayment of 50 percent. Most nursing homes operate without a mental health specialist—even though a substantial percentage of the elderly in nursing homes suffer from some form of mental illness.

It is indeed time, I believe, to recognize mental illness as an unmet catastrophe and change the Medicare Program appropriately. I urge my colleagues to address this problem on the most appropriate vehicle.

#### CATASTROPHIC PROTECTION

Mr. SHELBY. Mr. President, I am pleased to be among the 86 Senators who last night supported S. 1127, the Medicare Catastrophic Loss Prevention Act of 1987. I am happy not only with the outcome of the vote on this bill, but also, with the speed with which the work on this measure was completed. I know that many of my colleagues were as anxious as I was to address this issue and I certainly appreciate the diligence with which this task was approached. I would especially like to commend my distinguished colleague from Texas, Senator BENTSEN, for his leadership and skill in handling the negotiations on this bill. He is truly the force behind the swift passage of this most vital legislation and I thank him for his efforts.

In April of this year, I was very fortunate to be allowed to chair a field



hearing in Alabama on behalf of the Special Committee on Aging on the issue of catastrophic protection for the elderly. The title of that hearing was appropriately enough "the Catastrophic State of Catastrophic Health Care Coverage"—well I am pleased to say that after last night's vote—the state of health care coverage for the elderly is much improved.

Mr. President, with each passing year the life expectancy in this country grows longer—this, I know we all agree, is a wonderful thing. Right now, according to the charts and statistics, I can expect, barring any unforeseen health problems, to live another 21 years. That would place me at 74 years of age in the year 2009. But over the next 21 years there will surely be advances that may add another 3, 4, or even 5 years on life expectancy in this country. Where is this all leading? To a situation of critical importance.

Currently, 1.5 million Americans reside in nursing homes. By the year 2000 this figure is expected to jump to 2.2 million persons, and then double to 4.5 million by the year 2040. In addition, 5.2 million Americans over age 65 with a chronic condition, require some assistance in performing the activities of daily living that help them maintain their independence. Again, these figures are expected to grow substantially reaching 7.2 million persons by the year 2000 and 14.4 million by the year 2050.

Right now the greatest out-of-pocket expense for the elderly is nursing home care—which runs on the average \$21,000 a year in this country. This expense amounts to just about 81 percent of the out-of-pocket expenses for the elderly.

S. 1127 did not turn out to be the vehicle by which we were to expand Medicare to include nursing home coverage. I do believe, however, that we have passed legislation that will become a building block for subsequent expansion—that will one day include long-term care coverage.

In the meantime, we can encourage and support vital community services like home health care, adult day care, and respite care. As we know or have all come to learn during the debate on this issue, 75 percent of our Nation's elderly who are at risk for nursing home care reside at home under the care of their families. I strongly believe that these families deserve our support. They are providing care that has to date significantly altered the long-term care landscape in our country. As our population ages so dramatically over the next 40 years and beyond we need to address the long-term aspects of health care. We need to formulate a realistic response to the long-term care dilemma our country will face as the so-called graying of the population takes place.

And so while some may think that our work on this catastrophic protection legislation is drawing to a conclusion, I believe we are really just begin-

ning to formulate our response to the pressing needs of the elderly of today and the elderly of tomorrow. Our passage of S. 1127 last night was just the first step on a long road that I feel confident will one day lead to true catastrophic protection, including long-term care coverage.

Mr. President, we live in an age that is exhilarating for its progress and at the same time, frightening for its still unraveled mysteries. We at times make great breakthroughs in science and medicine and at other moments stand no closer to finding cures for many of the crippling diseases that lead to financial ruin. With the aging of our population, we meet perhaps the most significant health crisis, barring AIDS, that this Nation will face in the next century.

Our goal was to pass compassionate, comprehensive, and fiscally responsible legislation—I believe we have succeeded. However, as health professionals and medical researchers in this country work to lengthen human life—so too, we in the Senate, must work to insure quality of care and indeed, quality of life for the growing elderly population in our country. In that regard, last night's passage of the catastrophic health care legislation was only the beginning.

#### FLOYD MCCREE: FOUR DECADES OF SERVICE

Mr. LEVIN. Mr. President, on October 26, 1987, the family, friends, and colleagues of Floyd McCree will gather in Flint, MI, to honor him for his accomplishments. It should be a long program.

After all, just listing Floyd's accomplishments takes a considerable amount of time. Floyd McCree was born in Webster Groves, MO, just outside of St. Louis. It was in the St. Louis area that Floyd first demonstrated his public speaking ability and where he won local and regional oratory contests. Floyd was also a star athlete. He attended college at Lincoln University in St. Louis but left to serve in the Army during World War II. A platoon sergeant, he spent 24 months in the Pacific front.

After his discharge Floyd relocated to Flint where he worked at the Buick Foundry. Then, as now, he was a union man and he was quickly elected to the executive board of United Auto Workers Local 599 and to the UAW's regional foundry council. He also served on local 599's education committee, on the Fair Employment Practices Committee and in key leadership positions with the Urban League and the NAACP. He was president of Parkland PTA and was divisional superintendent of the Metropolitan Baptist Church Sunday School. At the Buick Foundry, he was promoted to supervisor of maintenance.

Floyd also found the time to marry Leeberta Townsend. They have two

sons and two daughters and two grandchildren.

In 1956, Floyd was appointed to the Genesee County Board of Supervisors. Two years later he was elected to the Flint City Council, the first black person to serve on the council. During 12 years on the council, he chaired—at one time or another—every single committee. From 1964-66, he was mayor pro-tempore of Flint and was elected mayor in 1966. He was Michigan's first black mayor and the first black mayor of any American city with a population above 100,000. In 1968, he led the successful drive to make Flint the first city in the United States to pass an open housing ordinance by referendum.

Since 1971, Floyd has been the Genesee County Register of Deeds, a position he first gained through appointment and to which he has been twice reelected. Floyd McCree is also a leader in the Democratic Party and has served as a precinct delegate and as secretary of the Democratic County Committee.

In short, Floyd McCree has led a life of service to his community, his State, and his Nation. Time after time, he has been called upon to assume responsibility in behalf of the greater good. And, time after time, Floyd has said "yes." He's been there—for four decades.

He has been a personal friend of mine for over 20 years. His advice and support has made a difference in my life on a number of occasions. I am glad that Floyd's legion of friends in Flint are getting together to honor him. Because, to put it simply, Floyd's life and career has honored every one of us.

#### ORDER FOR STAR PRINT OF S. 1721

Mr. COHEN. Mr. President, I am pleased to announce today that Senator BOREN, the chairman of the Select Committee on Intelligence; Senators INOUE and RUDMAN, the chairman and vice-chairman of the Iran/Contra Committee; and my colleague from Maine, Senator MITCHELL, a very involved and effective member of the Iran Committee, have joined with me as co-sponsors of S. 1721, a bill I introduced on September 25, 1987, to restructure the framework for the congressional oversight of intelligence activities, including covert actions.

As I stated on that day, the Iran-Contra hearings have demonstrated there are problems in the existing framework. While the bill recognizes that there must remain a degree of flexibility in the oversight system, and, indeed, the President must be able to take appropriate actions in satisfaction of his constitutional responsibilities, the general rule should be Congress is consulted prior to covert actions being taken. Further, the decisions of the President must be docu-



mented in such a way that neither the Congress nor the executive branch has any doubt as to what is being authorized. If agencies of the executive branch other than CIA are being utilized, Congress should know it. If third parties are being utilized, Congress should know it.

It is gratifying to have the Senators I have mentioned joining me in sponsoring this legislation. They have the experience in this area, as well as the insights into what the problems are. I am delighted that they share my view that S. 1721 is at least a good place to start in resolving these concerns.

In conclusion, Mr. President, I ask unanimous consent to authorize a star print of S. 1721, to include an additional phrase at the end of one subsection of the bill.

Mr. President, I also ask unanimous consent that Senators BOREN, INOUE, RUDMAN, and MITCHELL be included as cosponsors of the bill.

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

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, 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 and a withdrawal, which were referred to the appropriate committees.

(The nominations and withdrawal received today are printed at the end of the Senate proceedings.)

#### MESSAGES FROM THE HOUSE

At 12:25 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the joint resolution (H.J. Res. 309) providing support for the Civic Achievement Award Program in honor of the office of the Speaker of the House of Representatives.

The message also announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 171. Joint resolution designating the week beginning November 8, 1987, as "National Women Veterans Recognition Week."

The message further announced that pursuant to section 1361 of Public Law 99-498, the Speaker appoints the following members from the private sector to the Alien Youth Education Opportunity Panel on the part of the House: Dr. Piedad Robertson of Miami, Florida, and Mr. Bradley A. Woodruff of Elgin, Illinois.

The message also announced that pursuant to the provisions of section 4 of Public Law 99-624, the Speaker ap-

points Mr. Price of North Carolina as a member of the Dwight David Eisenhower Centennial Commission, on the part of the House, vice Mr. Glickman, resigned.

The message further announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2952. An act to increase the amount authorized to be appropriated for acquisition at the Women's Rights National Historical Park.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 97. Concurrent resolution to encourage State and local governments and local educational agencies to provide high quality daily physical education programs for all children in kindergarten through grade 12; and

H. Con. Res. 196. Concurrent resolution expressing the support of the Congress for the implementation of the July 29, 1987, accord with respect to Sri Lanka as the best hope for peace.

At 4:56 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, with amendments, in which it requests the concurrence of the Senate:

S. 442. An act to amend section 914 of title 17, United States Code, regarding certain protective orders.

The message also announced that the House has passed the following bills and joint resolutions, in which it requests the concurrence of the Senate:

H.R. 17. An act to identify, commemorate, and preserve the legacy of historic landscapes of Frederick Law Olmsted, and for other purposes;

H.R. 1223. An act entitled "Indian Self-Determination Amendments of 1987";

H.R. 1454. An act to amend Public Law 99-572 to authorize the Secretary of the Treasury to invest private funds contributed to the American Battle Monuments Commission for the construction of the Korean War Veterans Memorial in public debt securities;

H.R. 1839. An act to amend the Wild and Scenic Rivers Act to designate a segment of the Rio Chama River in New Mexico as a component of the National Wild and Scenic Rivers System;

H.R. 2224. An act to authorize appropriations for fiscal year 1988 for the Panama Canal Commission to operate and maintain the Panama Canal, and for other purposes;

H.R. 2858. An act to provide for refunds pursuant to rate decreases under the Federal Power Act;

H.R. 3097. An act to amend the Public Health Service Act to revise and extend the program of assistance to organ procurement organizations, and for other purposes;

H.R. 3460. An act to amend chapter 41 of title 38, United States Code, with respect to veterans' employment and training;

H.J. Res. 112. Joint resolution to establish a United States Commission on Improving the Effectiveness of the United Nations;

H.J. Res. 328. Joint resolution to recognize the National Fallen Firefighter's Memorial on the campus of the National Fire Academy in Emmitsburg, Maryland, as the official

national memorial to career and volunteer firefighters who die in the line of duty; and H.J. Res. 365. Joint resolution designating October 1, 1988, as "National Quality First Day."

The message further announced that the House agrees to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 68. A concurrent resolution expressing the sense of the Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union.

#### MEASURES REFERRED

The following bills and joint resolutions were read the first and second times by unanimous consent, and referred as indicated:

H.R. 17. An act to identify, commemorate, and preserve the legacy of historic landscapes of Frederick Law Olmsted, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 1223. An act entitled "Indian Self-Determination Amendments of 1987"; to the Select Committee on Indian Affairs.

H.R. 1454. An act to amend Public Law 99-572 to authorize the Secretary of the Treasury to invest private funds contributed to the American Battle Monuments Commission for the construction of the Korean War Veterans Memorial in public debt securities; to the Committee on Energy and Natural Resources.

H.R. 1839. An act to amend the Wild and Scenic Rivers Act to designate a segment of the Rio Chama River in New Mexico as a component of the National Wild and Scenic Rivers System; to the Committee on Energy and Natural Resources.

H.R. 2224. An act to authorize appropriations for fiscal year 1988 for the Panama Canal Commission to operate and maintain the Panama Canal, and for other purposes; to the Committee on Armed Services.

H.R. 2858. An act to provide for refunds pursuant to rate decreases under the Federal Power Act; to the Committee on Energy and Natural Resources.

H.R. 2952. An act to increase the amount authorized to be appropriated for acquisition at the Women's Rights National Historical Park; to the Committee on Energy and Natural Resources.

H.R. 3097. An act to amend the Public Health Service Act to revise and extend the program of assistance to organ procurement organizations, and for other purposes; to the Committee on Labor and Human Resources.

H.R. 3460. An act to amend chapter 41 of title 38, United States Code, with respect to veterans' employment and training; to the Committee on Veterans' Affairs.

H.J. Res. 112. Joint resolution to establish a U.S. Commission on Improving the Effectiveness of the United Nations; to the Committee on Foreign Relations.

H.J. Res. 328. Joint resolution to recognize the National Fallen Firefighter's Memorial on the campus of the National Fire Academy in Emmitsburg, MD, as the official national memorial to career and volunteer firefighters who die in the line of duty; to the Committee on Rules and Administration.

H.J. Res. 365. Joint resolution designating October 1, 1988, as "National Quality First Day"; to the Committee on the Judiciary.

The following concurrent resolutions were read, and referred as indicated:



H. Con. Res. 97. Concurrent resolution to encourage State and local governments and local educational agencies to provide high-quality, daily physical education programs for all children in kindergarten through grade 12; to the Committee on Labor and Human Resources.

H. Con. Res. 196. Concurrent resolution expressing the support of the Congress for the implementation of the July 29, 1987, accord with respect to Sri Lanka as the best hope for peace; to the Committee on Foreign Relations.

### MEASURE PLACED ON THE CALENDAR

The following concurrent resolution was read, and placed on the calendar:

H. Con. Res. 68. A concurrent resolution expressing the sense of the Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union.

### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. NUNN, from the Committee on Armed Services, without amendment:

S. Res. 306. An original resolution authorizing supplemental expenditures for the Committee on Armed Services (Rept. No. 100-209); referred to the Committee on Rules and Administration.

By Mr. KENNEDY, from the Committee on Labor and Human Resources:

Report to accompany the bill (S. 1663) to reauthorize the Child Abuse Prevention and Treatment Act and other related Acts dealing with adoption opportunities and family violence (Rept. No. 100-210).

### 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. EVANS (for himself and Mr. BOSCHWITZ):

S. 1825. A bill to amend the Internal Revenue Code of 1986 to retain a capital gains tax differential, and for other purposes; to the Committee on Finance.

By Mr. WILSON:

S. 1826. A bill to improve security and control of Department of Defense supply inventories; to the Committee on Armed Services.

By Mr. REID (for himself and Ms. MIKULSKI):

S. 1827. A bill to designate the Federal Building located at 330 Booth Street in Reno, Nevada, as the "C. Clifton Young Federal Building"; to the Committee on Environment and Public Works.

By Mr. HATCH (for himself and Mr. GARN):

S. 1828. A bill for the relief of San Juan County Nursing Home, of Blanding, Utah; to the Committee on Labor and Human Resources.

By Mr. PELL (for himself, Mr. INOUE, Mr. HATFIELD, Mr. WEICKER, and Mr. KENNEDY):

S. 1929. A bill to provide that a special gold medal be presented to Mary Lasker for her humanitarian contributions in the area of medical research and education, urban beautification and fine arts, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

### SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. NUNN, from the Committee on Armed Services:

S. Res. 306. An original resolution authorizing supplemental expenditures for the Committee on Armed Services; to the Committee on Rules and Administration.

By Mr. DURENBERGER (for himself, Mr. BOSCHWITZ, Mr. BURDICK, Mr. CONRAD, Mr. GRASSLEY, Mr. PRESSLER, Mr. MELCHER, Mr. HARKIN, Mr. SIMPSON, Mr. DOLE, Mr. FOWLER, Mr. WILSON, Mr. KASTEN, Mr. NICKLES, Mr. DASCHLE, Mr. BAUCUS, and Mr. PROXMIER):

S. Res. 307. A resolution to recognize and congratulate the Minnesota Twins as the World Champions of baseball; considered and agreed to.

### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. EVANS (for himself and Mr. BOSCHWITZ):

S. 1825. A bill to amend the Internal Revenue Code of 1986 to retain a capital gains differential, and for other purposes; to the Committee on Finance.

(The statement of Mr. EVANS and the text of the bill appear earlier in today's RECORD.)

By Mr. WILSON:

S. 1826. A bill to improve security and control of Department of Defense supply inventories; to the Committee on Armed Services.

### DEFENSE SUPPLIES SECURITY AND CONTROL REFORM ACT

Mr. WILSON. Mr. President, I rise today to introduce the Defense Supplies Security and Control Reform Act of 1987.

Mr. President, I want to mention, this bill and the problems it addresses are enormous and of unparalleled proportion. Nothing in the private sector compares to the massive supply system of the Department of Defense. Military supply inventories are valued at over \$160 billion. That is roughly 10 times larger than the value of supply inventories owned by the top five Fortune 500 corporations combined.

Mr. President, I recognize—and I want to emphasize—that the primary mission of the Department of Defense and the armed services is readiness. It is not pure economic efficiency. Having the right weapon, part or bolt at the right time, must take precedence over a strict and unwavering adherence to minimum costs.

We do not wish to keep supplies that need to be in the field locked up in a centralized location. Obviously that will not work. This is not only a system of vast complexity and of unparalleled and incomparable magnitude, but it is obviously one that requires the highest degree of decentralization precisely because of the mission of the Armed Forces.

Nevertheless, serious supply system deficiencies do exist that are so pervasive that the opportunities for theft of sophisticated and dangerous supply items are abundant. And this condition is absolutely unacceptable.

Last year, the Senate Armed Services Committee formed a task force on inventory management which I chaired.

My good friend, the Senator from Ohio, Senator GLENN, is continuing work of that task force this year under the auspices of the Government Affairs Committee. This committee has held the first of what I hope will be several hearings in that continuing effort.

According to the task force final report, a primary reason for the deficiencies in inventory management and control can be found in insufficient command emphasis on sound business practices at all levels of the chain of command. The report also criticized the Department of Defense for inadequate physical security at logistics centers and on military installations. Military leadership has not ensured that adequate personnel and resources are reserved for logistics and security functions. And commanders have not ensured that proper practices and procedures are followed.

The task force focused, in detail, on problems relating to ammunition and explosives accountability and the theft of combat gear and other property from military installations. Inadequate physical security creates a potential for easy and undetected diversion of expensive, sophisticated, and, in some cases, dangerous supply items.

These deficiencies can only adversely affect our national security, but they also represent an inordinate cost to the taxpayer. Furthermore, the loss of control over dangerous munitions constitutes a clear threat to the public.

If these particular items fall into the wrong hands, the possibility of use for terrorism, and use by organized crime, is obvious.

The pilferage and/or diversion of supply inventories, which would be sorely needed in the event of a national emergency, degrades the readiness of our Armed Forces. Moreover, if diverted supply items are sold on the international arms market they may ultimately enhance the military capabilities of potential adversaries and terrorists threatening both military personnel and civilians, as we have painfully seen in the recent past.

The task force also identified a lack of a comprehensive plan to identify supply management deficiencies. It found that, in all too many cases, there was no causative research being performed to determine the reason for these shortcomings. The task force called out for a commitment to seek improvements, not just in the modernization of the accounting procedures, but in the commitment at the com-



mand level to the kind of attention, without which this problem will continue and, in fact, grow.

It goes without saying if we are ever to improve the inventory management at the Department of Defense to ensure that we are getting all that we should, both in the way of readiness and in terms of the maximum "bang for the buck," for our defense tax dollars, we must develop a comprehensive plan and begin to implement whatever plans are required.

Mr. President, today I am introducing legislation aimed at restoring control over the Defense Department's vast supply system. America has built a 600-ship Navy, drastically improved our conventional land forces, and started modernizing our strategic forces. But we have failed to ensure that our inventory of spare parts and other needed items are properly managed and secured.

The failure to upgrade our defense supply system affects the readiness of our Armed Forces, it affects our ability to deploy and use them during times of crisis. Moreover, during times of dire and obvious fiscal constraints, occasioned by the need for deficit reductions, when the national security interests of the United States have already suffered a sharp reduction in needed effort, and are threatened with further reductions, the fiscal implications of this waste is obvious and painful.

The legislation I am introducing will require the Department of Defense to provide a comprehensive blueprint to Congress on inventory management, its weaknesses and ways to improve the system.

The legislation will specifically require the Department of Defense to take action to improve methods for identification of and accounting for individual items of ammunition and explosives that are susceptible to pilferage. Furthermore, it will require the Department of Defense to report the theft or loss of any ammunition or explosive to the Bureau of Alcohol, Tobacco, and Firearms, which collects data on firearms and explosives for use in crime fighting. The centralized data will also assist the military in assessing its management over dangerous ammunition and explosives.

The legislation will provide direction to the Secretary of Defense on ways to modernize and enhance physical security at military installations.

Finally this legislation will enhance and clarify current law enforcement measures designed to apprehend and punish individuals who steal items from the supply system. The task force found that undercover investigations were very helpful in detecting and investigating thefts of Government property. The bill urges the Secretary to continue these undercover investigations.

In an effort to gain better control over military supplies and parts, this legislation will authorize the reduc-

tion, termination or denial of certain or all benefits upon conviction for theft of Government property. I feel it is important that those individuals convicted of stealing Government property not receive thousands of dollars in benefits.

Mr. President this is just the beginning. By no means does this legislation or the work of the task force address all of the problems associated with the control or security of the Department of Defense's vast supply inventories.

Mr. President, I thank the Chair and 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. 1826

*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 "Defense Supplies Security and Control Reform Act of 1987".

#### TITLE I—SUPPLY INVENTORY MANAGEMENT STUDIES, DEMONSTRATION PROJECT, AND MODERNIZATION PLAN

##### SEC. 101. DEFENSE INVENTORY SECURITY AND CONTROL ENHANCEMENT STUDY

(a) IN GENERAL.—Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall carry out and complete a study to determine the effectiveness of Department of Defense procedures for ensuring security and control of supplies at Department of Defense depots.

(b) CONDUCT OF THE STUDY.—(1) The Secretary of Defense, in conducting the study, shall utilize personnel who are sufficiently knowledgeable about supply system accounting procedures, inventory control procedures, and inventory security procedures of the Department of Defense, and about law enforcement procedures, to ensure that the reasons for the problems of loss, theft, and mismanagement of Department of Defense supplies are identified and thoroughly examined during the study and that solutions for such problems are developed.

(2) Subject to paragraph (1), in order to carry out the study, the Secretary of Defense may use members of the Armed Forces, employees of the Department of Defense, and employees of any other department or agency of the Federal Government (with the consent of the head of such department or agency), may contract for the conduct of the study, or may use a combination of such methods.

(3) The Secretary of Defense may procure, for the purpose of carrying out the study, temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for GS-18 of the General Schedule under section 5332 of such title.

(c) REPORT.—(1) Not later than 18 months after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on the results of the study. The Secretary may submit the report in both classified and unclassified forms if the Secretary considers it necessary to do so in the interest of national security.

(2) The Secretary of Defense, at the same time as the Secretary submits the report to

Congress under paragraph (1), shall transmit a copy of the report to the Comptroller General of the United States.

#### (d) REVIEW BY THE COMPTROLLER GENERAL.—The Comptroller General shall—

(1) review the report transmitted by the Secretary of Defense under subsection (c)(2); and

(2) submit to the Committees on Armed Services of the Senate and the House of Representatives, within 90 days after the date on which the Comptroller General receives such report, any findings and recommendations on procedures for ensuring the security and control of supplies at Department of Defense depots that the Comptroller General considers appropriate.

(e) AUTHORIZATION.—(1) There is authorized to be appropriated to the Department of Defense for fiscal year 1989, \$10,000,000, to carry out this section.

(2) Amounts appropriated pursuant to the authorization in paragraph (1) shall remain available until the Secretary of Defense submits the report to Congress under subsection (c).

#### SEC. 102. ANALYSIS OF SALES OF SURPLUS MUNITIONS

The Secretary of Defense shall—

(1) conduct a cost-benefit analysis of the practice of selling surplus Department of Defense munitions to the public; and

(2) submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than 180 days after the date of the enactment of this Act, a report containing a description and discussion of each such practice.

#### SEC. 103. SUPPLY TRACEABILITY ENHANCEMENT

The Secretary of Defense shall—

(1) develop improved methods for the identification of and accounting for individual items of ammunition, explosives, and other Department of Defense supplies that are susceptible to pilferage; and

(2) submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than 1 year after the date of the enactment of this Act, a report containing a description and discussion of each such method.

#### SEC. 104. SUPPLY SYSTEM MODERNIZATION PLAN

The Secretary of Defense shall—

(1) prepare a plan for the modernization of the supply facilities and supply distribution procedures of each of the primary military departments and Defense Agencies of the Department of Defense; and

(2) not later than one year after the date of the enactment of this Act, transmit a copy of such plan to the Committees on Armed Services of the Senate and the House of Representatives.

#### TITLE II—SUPPLY SECURITY AND CONTROL IMPROVEMENTS

##### SEC. 201. SECURITY AND CONTROL OF SUPPLIES: REPORTS, FUNDING, PROCEDURES

(a) IN GENERAL.—(1) Part IV of subtitle A of title 10, United States Code, is amended by adding at the end the following new chapter:

#### "CHAPTER 169—SECURITY AND CONTROL OF SUPPLIES

"Sec.

"2891. Report on security and control of supplies.

"2892. Miscellaneous security and control procedures.

"§ 2891. Report on security and control of supplies

"(a) The Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than February 1 of



each year, a report on security and control of Department of Defense supplies.

"(b) Each report shall contain—

"(1) a summary of each of the physical inventory program plans of the Department of Defense, the Defense Logistics Agency, and the military departments for the fiscal year in which the report is submitted;

"(2) a discussion of the deficiencies, if any, in the security and control of Department of Defense supplies in the fiscal year preceding the year in which the report is submitted and a discussion of the extent to which such deficiencies have been corrected;

"(3) a discussion of—

"(A) research and development projects carried out by the Department of Defense in such preceding fiscal year for the improvement of the inventory and recordkeeping capabilities of the Department;

"(B) any proposals for expeditious application of any new technology resulting from such projects; and

"(C) the budget needs for research and development for such purpose in the fiscal year in which the report is submitted and any subsequent fiscal year for which the budget needs have been determined;

"(4) a discussion of—

"(A) the budget authority made available to the Department of Defense for inventory control functions in the fiscal year in which the report is submitted and in each of the five fiscal years preceding such fiscal year;

"(B) the budget authority proposed for such purpose in the budget submitted to Congress under section 1105 of title 31 for the fiscal year following the fiscal year in which the report is submitted; and

"(C) the budget authority needed for such purpose in each of the five fiscal years following the fiscal year for which such budget is submitted;

"(5) an evaluation of the effectiveness of supply inventory control in the fiscal year preceding the fiscal year in which the report is submitted, the criteria used by the Secretary to make such evaluation, and the information considered by the Department in making the evaluation, including the value of supplies lost or stolen or for which accountability has otherwise been lost; and

"(6)(A) the aggregate statistics for all incidents of theft, fraud, or breach of security involving Department of Defense supplies that were investigated by military or civilian law enforcement agencies during the fiscal year preceding the fiscal year in which the report is submitted, including incidents involving munitions;

"(B) a summary description of all such incidents, including the circumstances under which the incidents occurred; and

"(C) the lessons learned by the Department of Defense from such incidents.

"§ 2892. Miscellaneous security and control procedures

"(a) The Secretary of Defense shall require an investigation of each discrepancy in an accounting for supplies of the Department of Defense involving an amount exceeding the amount determined under procedures prescribed by the Secretary. The Secretary shall prescribe procedures for randomly varying the minimum amount for which an investigation is required.

"(b) The Secretary of Defense shall require, to the extent feasible, that the supply ordering job function and supply receiving job function be performed by different offices and individuals.

"(c) The Secretary of Defense shall ensure that an individual's performance in accounting for Department of Defense supplies is taken into account—

"(1) in evaluating that individual's job performance, in the case of an employee of

the Department, or in determining that individual's efficiency rating, in the case of a member of the armed forces; and

"(2) in the case of a commissioned or warrant officer in the armed forces, in determining that individual's fitness for retention, promotion, or assignment to a position of command.

"(d) The Secretary of Defense shall ensure that—

"(1) the employees of the Department of Defense and members of the armed forces assigned to manage Department of Defense supplies are skilled in the management of such supplies; and

"(2) no employee of the Department of Defense and no member of the armed forces is assigned to perform such function for disciplinary reasons."

"(2) The table of chapters at the beginning of such part and such subtitle are each amended by inserting after the item relating to chapter 169 the following new item:

"169. Security and control of supplies ..... 2891".

"(b) IMPLEMENTATION.—(1) The Secretary of Defense shall submit the first report required by section 2891 of title 10, United States Code (as added by subsection (a)), not later than February 1, 1988.

"(2) The Secretary of Defense may omit in the reports under section 2891 of title 10, United States Code, the information relating to any of fiscal years 1983 through 1988, described in subsection (b)(4)(A) of such section for which there are inadequate records, as determined by the Secretary.

### TITLE III—LAW ENFORCEMENT ENHANCEMENT PROVISIONS

#### SEC. 301. UNDERCOVER INVESTIGATIONS

"(a) FINDING.—Congress finds that the use of undercover investigative techniques by the Department of Defense enhances the ability of the Department of Defense to detect and investigate thefts of Government property, including munitions, from the Department of Defense supply system.

"(b) POLICY.—The Secretary of Defense is urged to continue to conduct undercover investigations to detect and investigate thefts referred to in subsection (a).

#### SEC. 302. INVENTORY SECURITY INCIDENT REPOSITORY

The Secretary of Defense shall establish and maintain a centralized computer system for recording and organizing information on theft, fraud, and breach of security, incidents involving the loss of Department of Defense supplies, including munitions.

#### SEC. 303. REPORTS OF MUNITIONS LOSSES TO THE BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

"(a) IN GENERAL.—Chapter 44 of title 18, United States Code, is amended by adding at the end the following new section:

"§ 930. Reporting the theft or loss of military ammunition, destructive devices, and explosives

"The Secretary of Defense shall report the theft or other loss of any ammunition, destructive device, or explosive materials (as defined by section 841 of this title) from its stocks to the Secretary of the Treasury within 24 hours after the discovery of such theft or other loss."

"(b) CONFORMING AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 929 the following:

"930. Reporting the theft or loss of military ammunition, destructive devices, and explosives."

"(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect with respect to thefts and losses discovered

more than 180 days after the date of the enactment of this Act.

#### SEC. 304. PROHIBITION ON DUPLICATION OF SERIAL NUMBERS USED FOR MILITARY WEAPONS

Section 922 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(p) It shall be unlawful for any licensed importer, licensed manufacturer, or other person to place a United States military model designation or serial number on any firearm unless such importer, manufacturer, or other person places such designation or serial number on such firearm because the firearm is to be imported for the United States or is manufactured for the United States."

#### SEC. 305. OFFENSES RELATING TO THEFT OF GOVERNMENT PROPERTY

"(a) ATTEMPTED EMBEZZLEMENT OF PUBLIC MONEY, PROPERTY, OR RECORDS.—Section 641 of title 18, United States Code, is amended adding at the end the following:

"Whoever attempts to commit any offense defined in this section is punishable by imprisonment or fine or both to the extent provided for the commission of the offense which was the object of the attempt."

"(b) CLARIFICATION OF THE OFFENSE OF PURCHASE OR RECEIPT OF MILITARY, NAVAL, OR VETERAN'S FACILITIES PROPERTY.—Section 1024 of title 18, United States Code, is amended—

"(1) by striking out "or other property furnished by the United States under a clothing allowance or otherwise, to" and inserting in lieu thereof "or other property provided by the United States for use by"; and

"(2) by striking out "to any person accompanying," and inserting in lieu thereof "by any person accompanying";

"(3) by striking out "or to any former member" and inserting in lieu thereof "or by any former member"; and

"(4) by striking out "or furnished by the United States under such allowance, or otherwise" and inserting in lieu thereof "or provided by the United States for any of the uses stated above".

#### SEC. 306. REDUCTION, TERMINATION, AND DENIAL OF CERTAIN BENEFITS UPON CONVICTION FOR THEFT OF GOVERNMENT PROPERTY

"(a) IN GENERAL.—Notwithstanding any other provision of law, upon the conviction of an individual for theft of property of the Federal Government—

"(1) the amount of any monetary benefit payable under a Federal Government program to or for the benefit of such individual may be reduced, by the head of the department or agency paying such benefit, to the amount equal to 50 percent of the amount of such benefit otherwise payable in the case of such individual if the total value of the stolen property involved in the theft is less than \$500; and

"(2) the entitlement of such individual to such benefit may be terminated, by the head of the department or agency paying such benefit, if the total value of the stolen property involved in the theft is \$500 or more.

"(b) DEFINITIONS.—In this section:

"(1) The term "benefit" includes a retirement benefit, pension, disability compensation, and educational assistance benefit.

"(2) The term "conviction" means a conviction by a Federal or State court or a court-martial which has not been vacated or otherwise set aside by an appellate court or other reviewing authority, but does not include a conviction for which an individual has been pardoned by competent authority.



By Mr. REID (for himself and Ms. MIKULSKI):

S. 1827. A bill to designate the Federal building located at 330 Booth Street in Reno, NV, as the "C. Clifton Young Federal Building"; to the Committee on Environment and Public Works.

#### C. CLIFTON YOUNG FEDERAL BUILDING

Mr. REID. Mr. President, it is my great pleasure to today introduce legislation designating the Federal building located at 330 Booth Street in Reno, NV, the "C. Clifton Young Federal Building."

Many of my Senate and House colleagues may know or have heard of my dear and most distinguished friend. Besides being a U.S. Representative during the 83d and 84th Congresses, Cliff served in the ground forces in Europe during World War II and worked diligently in Nevada State and local politics. He is a past president of the National Wildlife Federation, a staunch defender of the environment and is currently an esteemed Justice of the Nevada Supreme Court. In short, he has been an outstanding citizen of both the country and the State of Nevada and has maintained the highest of ideals. Indeed, his many years of selfless service should—must—be recognized and I can think of no higher accolade than to designate the 330 Booth Street Federal Building located in his beloved native State as a memorial to his achievements. I urge each of you to support this bill.

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. 1827

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*  
SECTION 1. DESIGNATION OF BUILDING.

The Federal Building located at 330 Booth Street in Reno, Nevada, shall hereafter be known and designated as the "C. Clifton Young Federal Building".

#### SEC. 2. LEGAL REFERENCES TO BUILDING.

Any reference in any law, regulation, document, record, map, or other paper of the United States to the building referred to in section 1 is deemed to be a reference to the "C. Clifton Young Federal Building".

By Mr. HATCH (for himself and Mr. GARN):

S. 1828. A bill for the relief of San Juan County Nursing Home, of Blanding, UT; to the Committee on Labor and Human Resources.

#### RELIEF OF SAN JUAN COUNTY NURSING HOME

Mr. HATCH. Mr. President, I rise to ask you all to support assistance to a small town nursing home in Blanding, UT, that has been hit hard by the increasingly complex medical industry.

The chairman of the San Juan County, UT Commission, which has operated the county nursing home, has approached me with his dire problems. In the bill before this distin-

guished body, Mr. President, I seek to better not only the economic state of the home, but, more importantly, the availability of quality medical care for its patrons, and specifically those in rural Utah. For, I am sure today, that we all respect the institutions providing quality care to our Nation's senior citizens and disabled persons. And now, I ask for your assistance to help them in rural Utah.

The cause of the trouble for the nursing home has arisen because of the steady decrease in use of nursing homes in San Juan County and the increased percentage of fully paid Medicare recipients in this home. The trouble is that in 1968 the San Juan County Nursing Home agreed to provide a certain percentage of uncompensated care for a period of 20 years in order to receive an initial so-called Hill-Burton grant under the Department of Health and Human Services.

And now that the home has been sold to another party, after faithfully fulfilling their obligations for years, they seek to renegotiate the contract to reflect the amount of uncompensated services they have provided. I do believe that we should support programs that, with or without contractual obligation, provide uncompensated care. But, in this instance, most of the terms of the contract have been fulfilled. The Department of Health and Human Services is taking action to fine this program for the full amount of the obligation. This will undermine quality medical care. When the search for candidates to provide uncompensated care possibly interferes with the providing of necessary care to other patients, I can understand the usefulness of such a waiver, as I hope you all can.

Yet, this bill does not grant a total forgiveness which may run roughshod over the needs of our disadvantaged elderly. This bill also mandates that the county commissioners establish a trust, in an amount that will be negotiated with HHS, for county residents who cannot afford medical care.

My distinguished colleague from South Carolina, Mr. THURMOND, recently employed a similar bill to assist a fine medical institution in his State and I praise him for being so aware of and responsive to the needs of his region. I now ask for his support, as well as the support of all my distinguished colleagues, in passing this legislation to better the lives of many Americans while shoring up our protection of our Nation's elderly.

I ask unanimous consent that the full text of this bill be printed in the RECORD.

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

#### S. 1828

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) The San Juan County Commission, the successor in interest to San Juan County Nurs-

ing Home, Blanding, Utah, shall be relieved of all liability under title VI of the Public Health Service Act resulting from the sale of San Juan County Nursing Home to the Auburn Manor Holding Corporation if the San Juan County Commission complies with the provisions of this Act.

(b) The San Juan County Commission shall—

(1) establish and maintain an irrevocable trust in the amount described in section 609(d)(1)(A)(i) of the Public Health Service Act;

(2) provide that such trust will only be used to provide health care services to persons who reside in San Juan County, Utah, and who are unable to pay for such services; and

(3) provide such services such persons during the period beginning 15 days after the date of enactment of this Act and ending on the date described in subsection (d).

(c)(1) If the Secretary of Health and Human Services determines that the San Juan County Commission has complied with the provisions of subsection (b)(1) and has entered into an agreement with the Secretary of Health and Human Services to ensure compliance with paragraphs (2) and (3) of subsection (b), the San Juan County Commission shall be permanently relieved of all liability under title VI of the Public Health Service Act resulting from the sale of San Juan County Nursing Home to the Auburn Manor Holding Corporation.

(2) Any agreement entered into under paragraph (1) shall contain appropriate provisions specifying penalties for noncompliance by the San Juan County Commission with the provisions of subsection (b).

(d) The date referred to in subsection (b)(3) is the last day of the most recent 20-year period during which the San Juan County Nursing Home was required, under section 609 of the Public Health Service Act, to remain as a public or other nonprofit hospital.

By Mr. PELL (for himself, Mr. INOUE, Mr. HATFIELD, Mr. WEICKER, and Mr. KENNEDY):

S. 1829. A bill to provide that a special gold medal be presented to Mary Lasker for her humanitarian contributions in the area of medical research and education, urban beautification, and the fine arts, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

#### PRESENTATION OF A SPECIAL GOLD MEDAL TO MARY LASKER

● Mr. PELL. Mr. President, I rise today to introduce a very special piece of legislation to honor a very special human being, Mary W. Lasker. Mrs. Lasker is, as we all know, an American citizen of unequalled compassion and achievement. This legislation would recognize Mrs. Lasker's lifelong work in the areas of medical research and education, urban beautification, and the fine arts by authorizing the President, on behalf of the Congress, to present to her a gold medal in recognition of her humanitarian efforts.

It has been Mary Lasker's lifelong philosophy that we can never do enough to enhance the health of our Nation. Her career as a philanthropist and legislative and social activist has embodied this philosophy to its full-



est, and her life has been dedicated to improving the lives of others.

In the field of biomedical research and education, Mrs. Lasker's influence and leadership has been extraordinary. As cofounder with her late husband of the Albert and Mary Lasker Foundation, she has been a major contributor to the advancement of medical knowledge. The Lasker Foundation's annual award is second only in prestige to the Nobel Prize and has spurred stimulating new work in numerous areas of promising research. In addition to the Lasker Foundation, Mrs. Lasker's health-related public service includes tireless work for many outstanding organizations, including the Menninger Foundation, the Institute of Psychoanalysis, the United Cerebral Palsy Research and Education Foundation, and the American Foundation for AIDS Research.

Mary Lasker is no less tireless in her efforts with the legislative and executive branches of Government. She spearheaded the drive to establish the National Heart Institute and the National Cancer Institute, and has served on the advisory councils of both these agencies. She also played a major role in securing passage of the 1971 National Cancer Act, landmark legislation to expand the Federal research effort to combat this dreaded disease which claims some 450,000 American lives each year. In 1980, Mrs. Lasker took up a post on the advisory council to the Director of the National Institutes of Health, and she also currently serves as vice president of the Research to Prevent Blindness Committee.

Mr. President, recognition of Mary Lasker's achievements has come from many sources. Mrs. Lasker has received the Alfred Sloan Award from the American Cancer Society, as well as the distinguished Public Service Award from the Academy of Ophthalmology. In May of 1984, the NIH named a research center on the Bethesda campus, the Mary W. Lasker Center for Health Research and Education, in her honor. She is also a member of the French Legion of Honor, and has received the Cross of the Officer of the Legion of Honor. Most significantly of all, in 1969 she received the highest civilian award presented in the United States, the Congressional Medal of Freedom.

Mrs. Lasker's invaluable work in medical research and education has been complemented by equally ambitious endeavors in the areas of urban beautification and the fine arts. Mary Lasker has acted as a trustee for the John F. Kennedy Center for the Performing Arts and the Museum of Modern Art in New York, among other noteworthy institutions. Through exceptional philanthropy, she has coordinated the mass plantings of trees and flowers in New York and Washington, DC. She is a past president of the Society for a More Beautiful Capital, and has received the Municipal

Art Society Award for her efforts to beautify New York.

Identical legislation has been introduced in the House of Representatives by Congressman CLAUDE PEPPER. That measure was overwhelmingly passed by the House, a clear recognition of the esteem in which Mrs. Lasker is held by Members of Congress.

Clearly, Mr. President, Mary Lasker's exceptional commitment to such a wide variety of outstanding activities merits exceptional commendation. Her humanitarian contributions in the areas of medical research and education, urban beautification and the fine arts have incalculably enhanced our Nation. Mary Lasker's ability to bring about positive change is eminently worthy of the congressional gold medal.

Mr. President, I urge quick and positive consideration on this matter, and I invite my colleagues to join me as cosponsors. ●

#### ADDITIONAL COSPONSORS

S. 444

At the request of Mr. BOSCHWITZ, the name of the Senator from California [Mr. CRANSTON] was added as a cosponsor of S. 444, a bill to amend the Internal Revenue Code of 1986 to retain a capital gains tax differential, and for other purposes.

S. 703

At the request of Mr. SPECTER, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of S. 703, a bill to amend title 18, United States Code, including the Child Protection Act, to create remedies for children and other victims of pornography, and for other purposes.

S. 998

At the request of Mr. DECONCINI, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 998, a bill entitled the "Micro Enterprise Loans for the Poor Act."

At the request of Mr. KARNES, his name was added as a cosponsor of S. 998, *supra*.

S. 1188

At the request of Mr. SYMMS, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 1188, a bill to amend the Internal Revenue Code of 1986 to allow certain associations of football coaches to have a qualified pension plan which includes cash or deferred arrangement.

S. 1361

At the request of Mr. DECONCINI, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of S. 1361, a bill to amend the Controlled Substances Act to suppress the diversion and trafficking of precursor chemicals and essential chemicals utilized in the illicit manufacture of controlled substances.

S. 1412

At the request of Mr. HOLLINGS, the names of the Senator from Florida [Mr. CHILES], and the Senator from Florida [Mr. GRAHAM] were added as cosponsors of S. 1412, a bill to amend the Coastal Zone Management Act of 1972 regarding activities significantly affecting the coastal zone.

S. 1424

At the request of Mr. SIMON, the name of the Senator from Colorado [Mr. ARMSTRONG] was added as a cosponsor of S. 1424, a bill to amend title 8, United States Code, to provide for adjustment of status of certain Polish nationals who arrived in the United States before July 21, 1984, and who have continuously resided in the United States since that date.

S. 1518

At the request of Mr. ROCKEFELLER, the names of the Senator from South Dakota [Mr. PRESSLER] and the Senator from Oregon [Mr. PACKWOOD] were added as cosponsors of S. 1518, a bill to amend the Motor Vehicle Information and Cost Savings Act to provide for the appropriate treatment of methanol and ethanol, and for other purposes.

S. 1519

At the request of Mr. LAUTENBERG, the name of the Senator from Florida [Mr. CHILES] was added as a cosponsor of S. 1519, a bill to authorize the President of the United States to award congressional gold medals to Lawrence Doby and posthumously to Jack Roosevelt Robinson in recognition of their accomplishments in sport and in the advancement of civil rights, and to authorize the Secretary of the Treasury to sell bronze duplicates of those medals.

S. 1561

At the request of Mr. BOND, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 1561, a bill to provide for a research program for the development and implementation of new technologies in food safety and animal health, and for other purposes.

S. 1630

At the request of Mr. HEFLIN, the names of the Senator from Utah [Mr. HATCH], the Senator from South Carolina [Mr. THURMOND], and the Senator from Maine [Mr. COHEN] were added as cosponsors of S. 1630, a bill to provide for retirement and survivors' annuities for bankruptcy judges and magistrates, and for other purposes.

S. 1721

At the request of Mr. COHEN, the names of the Senator from Oklahoma [Mr. BOREN], the Senator from Hawaii [Mr. INOUE], the Senator from New Hampshire [Mr. RUDMAN], and the Senator from Maine [Mr. MITCHELL] were added as cosponsors of S. 1721, a bill to improve the congressional oversight of certain intelligence activities, and to strengthen the process by which such activities are approved



within the executive branch, and for other purposes.

S. 1729

At the request of Mr. LEAHY, the name of the Senator from Maryland [Mr. SARBANES] was added as a cosponsor of S. 1729, a bill to promote rural development, and for other purposes.

S. 1777

At the request of Mr. ARMSTRONG, the names of the Senator from Idaho [Mr. SYMMS], the Senator from Nevada [Mr. HECHT], and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of S. 1777, a bill to amend title II of the Social Security Act to phase out the earnings test over a 5-year period for individuals who have attained retirement age, and for other purposes.

#### SENATE JOINT RESOLUTION 99

At the request of Mr. DECONCINI, the names of the Senator from Nebraska [Mr. KARNES] and the Senator from New Mexico [Mr. BINGAMAN], were added as cosponsors of Senate Joint Resolution 99, joint resolution to express the sense of the Congress that the Special Supplemental Food Program for Women, Infants, and Children should receive increasing amounts of appropriations in fiscal year 1988 and succeeding fiscal years.

#### SENATE JOINT RESOLUTION 125

At the request of Mr. ROTH, the names of the Senator from North Dakota [Mr. CONRAD], the Senator from Vermont [Mr. STAFFORD], and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of Senate Joint Resolution 125, joint resolution to designate the period commencing on May 9, 1988, and ending on May 15, 1988, as "National Stuttering Awareness Week."

#### SENATE JOINT RESOLUTION 141

At the request of Mr. NICKLES, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of Senate Joint Resolution 141, joint resolution designating August 29, 1988, as "National China-Burma-India Veterans Appreciation Day."

#### SENATE JOINT RESOLUTION 174

At the request of Mr. SIMON, the names of the Senator from Kansas [Mr. DOLE], the Senator from Arkansas [Mr. BUMBERS], the Senator from California [Mr. CRANSTON], the Senator from Arizona [Mr. MCCAIN], the Senator from North Dakota [Mr. BURDICK], the Senator from Oklahoma [Mr. BOREN], the Senator from Minnesota [Mr. DURENBERGER], the Senator from New Jersey [Mr. BRADLEY], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KERRY], the Senator from Texas [Mr. BENTSEN], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Washington [Mr. ADAMS], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from South Carolina [Mr. THURMOND], the Senator from Connecticut [Mr. WEICKER], the Senator from Louisiana [Mr.

BREAUX], the Senator from Indiana [Mr. QUAYLE], the Senator from Florida [Mr. GRAHAM], the Senator from Utah [Mr. HATCH], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Wyoming [Mr. WALLOP], the Senator from New Mexico [Mr. DOMENICI], the Senator from Idaho [Mr. SYMMS], the Senator from Delaware [Mr. BIDEN], and the Senator from Kentucky [Mr. FORD] were added as cosponsors of Senate Joint Resolution 174, joint resolution designating the week beginning November 15, 1987, as "African American Education Week."

#### SENATE JOINT RESOLUTION 181

At the request of Mr. WILSON, the names of the Senator from Virginia [Mr. WARNER], and the Senator from Minnesota [Mr. BOSCHWITZ] were added as cosponsors of Senate Joint Resolution 181, joint resolution designating the week beginning February 1, 1988, as "National VITA Week."

#### SENATE JOINT RESOLUTION 200

At the request of Mr. DIXON, the names of the Senator from Maryland [Mr. SARBANES], the Senator from Rhode Island [Mr. CHAFFEE], the Senator from South Dakota [Mr. DASCHLE], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. LUGAR], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Pennsylvania [Mr. HEINZ], the Senator from Michigan [Mr. RIEGLE], the Senator from Oklahoma [Mr. NICKLES], the Senator from New Jersey [Mr. BRADLEY], the Senator from Kansas [Mr. DOLE], the Senator from Connecticut [Mr. DOBBS], the Senator from Missouri [Mr. BOND], the Senator from Michigan [Mr. LEVIN], the Senator from California [Mr. WILSON], the Senator from Arkansas [Mr. PRYOR], the Senator from New York [Mr. D'AMATO], the Senator from North Carolina [Mr. SANFORD], the Senator from Vermont [Mr. STAFFORD], the Senator from Illinois [Mr. SIMON], the Senator from Utah [Mr. GARN], the Senator from Hawaii [Mr. INOUE], the Senator from Missouri [Mr. DANFORTH], the Senator from Mississippi [Mr. STENNIS], the Senator from Virginia [Mr. WARNER], the Senator from Florida [Mr. CHILES], the Senator from Arkansas [Mr. BUMBERS], the Senator from Maryland [Ms. MIKULSKI], the Senator from Massachusetts [Mr. KERRY], the Senator from Tennessee [Mr. SASSER], the Senator from Georgia [Mr. NUNN], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Maine [Mr. MITCHELL], the Senator from New York [Mr. MOYNIHAN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from North Dakota [Mr. BURDICK], the Senator from Ohio [Mr. GLENN], the Senator from New Mexico [Mr. DOMENICI], the Senator from Idaho [Mr. MCCLURE], the Senator from Alaska [Mr. MURKOWSKI], the Senator from Arizona [Mr. MCCAIN], the Senator from South Carolina [Mr. THURMOND], the Senator from Missis-

sippi [Mr. COCHRAN], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Oregon [Mr. HATFIELD], the Senator from Florida [Mr. GRAHAM], the Senator from North Dakota [Mr. CONRAD], the Senator from Rhode Island [Mr. PELL], the Senator from Arizona [Mr. DECONCINI], the Senator from Delaware [Mr. BIDEN], were added as cosponsors of Senate Joint Resolution 200, joint resolution to designate the period commencing on November 8, 1987, and ending on November 14, 1987, as "National Food Bank Week."

#### SENATE JOINT RESOLUTION 203

At the request of Mr. D'AMATO, the name of the Senator from California [Mr. CRANSTON], was added as a cosponsor of Senate Joint Resolution 203, joint resolution calling upon the Soviet Union immediately to grant permission to emigrate to all those who wish to join spouses in the United States.

#### SENATE RESOLUTION 306—ORIGINAL RESOLUTION REPORTED AUTHORIZING SUPPLEMENTAL EXPENDITURES FOR THE COMMITTEE ON ARMED SERVICES

Mr. NUNN, from the Committee on Armed Services, reported the following original resolution; which was referred to the Committee on Rules and Administration:

#### S. RES. 306

Resolved, That section 5 of Senate Resolution 80, 100th Congress, agreed to January 28, 1987, is amended by striking out "\$2,167,877" and inserting in lieu thereof "\$2,447,184".

#### SENATE RESOLUTION 307—CONGRATULATING THE MINNESOTA TWINS AS THE WORLD CHAMPIONS OF BASEBALL

Mr. DURENBERGER (for himself, Mr. BOSCHWITZ, Mr. BURDICK, Mr. CONRAD, Mr. GRASSLEY, Mr. PRESSLER, Mr. MELCHER, Mr. HARKIN, Mr. SIMPSON, Mr. DOLE, Mr. FOWLER, Mr. WILSON, Mr. KASTEN, Mr. NICKLES, Mr. DASCHLE, Mr. BAUCUS, and Mr. PROXMIER) submitted the following resolution; which was considered and agreed to:

#### S. RES. 307

Whereas, the Stock Market has had troubles of late, there is unrest in the Persian Gulf, and the polar ice caps are melting, but there is joy in the Upper Midwest because the Minnesota Twins won the World Series October 25, 1987 by defeating the tenacious and speedy Saint Louis Cardinals in a climactic seventh game; and

Whereas, the Minnesota Twins, who last year were 20 games below .500, in 6th place, and expected to have a similarly dismal year this year, overcame these adverse projections in the truest Minnesota underdog fashion to surprise the experts and win it all; and

Whereas, the Twins have top-notch management from Carl Pohlad, the owner who provided continual support and leadership,



to President Jerry Bell who brought Minnesota to the Dome, to Andy McPhail who comes from a long line of baseball leaders and recognizes talent, to Tom Kelly, the youngest manager in the major league and the fifth rookie manager to guide his team to a World Series victory and the first born in Minnesota; and

Whereas, Sunday's victory is the first World Series victory for the franchise since 1924—when the Twins were the Senators and played in Washington D.C.; and

Whereas, fan support for the Twins during the play-off and the World Series played a key role in making the Minnesota Twins the only team in history to win the World Series without winning a game on the road and giving them the best home record in baseball; and

Whereas, Peter Ueberroth, Commissioner of Baseball, who said the Minnesota fans are the "best baseball fans I have ever seen" should have added "heard," since the roar of the fans frequently neared the decibel level of a jet taking off; and

Whereas, the Twins won the series through a combination of well-known power, including two grand slams, and hitherto unrecognized stellar defense—the Twins had the best fielding percentage in the American League; and

Whereas, the Homer-hanky is now a household term as well as a rally flag inspiring the Twins to victory;

Whereas, a number of United States Senators, recognizing the quality of the Twins as a baseball team and the good natured enthusiasm of their fans, have accepted an offer to become honorary Minnesotans; and

Whereas, the Minnesota Twins have now shown the world what Minnesotans and citizens of the upper Midwest have known all along: They are a class act, and, along with their fans symbolizing for the world the Minnesota character: style, grace under pressure, enthusiasm tempered by politeness, creativity and panache, and the will and determination to overcome odds of 150 to one and the doubts of baseball writers and fans alike;

Therefore, be it

Resolved That the United States Senate recognizes and congratulates the Minnesota Twins as world champions, both individually and as a team, epitomizing the highest standards of sporting competition and enthusiasm.

#### AMENDMENTS SUBMITTED

#### AIRPORT AND AIRWAY CAPACITY EXPANSION ACT

#### HOLLINGS (AND OTHERS) AMENDMENT NO. 1067

Mr. HOLLINGS (for himself, Mr. DANFORTH, Mr. WILSON, and Mr. BYRD) proposed an amendment to the bill (S. 1184) to amend the Airport and Airway Improvement Act of 1982 to improve the safety and efficiency of air travel, and for other purposes; as follows:

At the end of the bill, add the following:  
Sec. . (a) Congress finds that—

(1) the number of near midair collisions is an indication that additional measures must be taken to assure the highest level of air safety in the United States;

(2) public health and safety requirements necessitate the timely completion and installation of a collision avoidance system for

use by commercial aircraft flying in the United States;

(3) the Traffic Alert and Collision Avoidance System promises to reduce the threat to life caused by midair collisions, particularly collisions between general aviation aircraft and commercial aircraft;

(4) the Traffic Alert and Collision Avoidance System will succeed only to the degree that other aircraft posing a collision threat use operating transponders with automatic altitude reporting capability; and

(5) the Federal Aviation Administration should continue at a deliberate pace the development of additional technologies, including the collision avoidance system known as TCAS-III, to ensure the safe separation of aircraft.

(b) Section 601 of the Federal Aviation Act of 1958 (49 App. U.S.C. 1421) is amended by adding at the end the following:

#### "COLLISION AVOIDANCE SYSTEM"

"(1)(A) The Administrator shall complete the development of the collision avoidance system known as TCAS-II so that such system will be operable under visual and instrument flight rules and will be upgradable to the performance standards applicable to the collision avoidance system known as TCAS-III.

"(B) The Administrator shall develop and implement a schedule for development and certification of the collision avoidance system known as TCAS-II which will result in completion of such certification not later than 18 months after the date of the enactment of this subsection.

"(C) The Administrator shall transmit to Congress monthly reports of the progress being made in development and certification of the collision avoidance system known as TCAS-II.

"(2) The Administrator shall require by regulation that, not later than 30 months after the date of certification of the collision avoidance system known as TCAS-II, such system be installed and operated on each civil aircraft which has a maximum passenger capacity of more than 20 seats and which is used to provide air transportation of passengers, including intrastate air transportation of passengers.

"(3) Within 6 months after the date of enactment of this subsection, the Administrator shall promulgate a final rule requiring the installation and use of operating transponders with automatic altitude reporting capability for aircraft operating in designated terminal airspace where radar service is provided for separation of aircraft. For terminal airspace designated under this paragraph, other than for Terminal Control Areas and Airport Radar Service Areas, the Administrator may provide for access to such airspace by non-equipped aircraft if the Administrator determines that such access will not interfere with the normal traffic flow. Such final rule shall require the installation and use of such transponders not later than 24 months after the date of enactment of this subsection."

(c) The item relating to section 601 in the table of contents of the Federal Aviation Act of 1958 is amended by adding at the end the following:

"(f) Collision avoidance systems."

(d) The Administrator of the Federal Aviation Administration shall complete the research and the development on, and the certification of, the collision avoidance system known as TCAS-II as soon as possible. There are authorized to be appropriated such sums as may be necessary from the Airport and Airway Trust Fund to carry out this subsection.

#### EXON (AND OTHERS) AMENDMENT NO. 1068

Mr. EXON (for himself, Mr. BAUCUS, Mr. BURDICK, Mr. ROCKEFELLER, Mr. BYRD, Mr. MELCHER, Mr. DASCHLE, Mr. SIMON, Mr. MATSUNAGA, Mr. GORE, Mr. DURENBERGER, Mr. PRESSLER, Mr. BUMPERS, Mr. CONRAD, Mr. MURKOWSKI, Mr. BINGAMAN, Mr. GRASSLEY, Mr. MITCHELL, Mr. ADAMS, Mr. MOYNIHAN, Mr. WIRTH, Mr. GARN, Mr. BOREN, Mr. KARNES, Mr. HECHT, Mr. HATCH, Mr. BOSCHWITZ, Mr. REID, Mr. WALLOP, Mr. HARKIN, and Mr. BENTSEN) proposed an amendment to the bill (S. 1184) supra; as follows:

At the end of the bill, add the following new section:

Sec. 19. (a) This section may be cited as the "Small Community Air Service Improvement Act of 1987".

(b) As used in this section, the term—

(1) "air carrier" has the meaning given to such term in section 101(3) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1301(3));

(2) "basic air service" means, with respect to points not in the State of Alaska—

(A) two daily round trip flights occurring on six days per week, with not more than one intermediate stop between the eligible point and a hub airport, which flights are scheduled to coincide approximately with the beginning and end of the business day;

(B) convenient connecting or single plane service at the hub airport to and from a substantial number of major destinations beyond such hub airport;

(C) service provided in aircraft large enough to accommodate estimated passenger and nonpassenger traffic at an average load factor for each such class of traffic of not greater than 50 per centum, except as provided in subparagraph (G) of this paragraph;

(D) service provided in aircraft with at least two pilots and two engines, unless, after October 31, 1978, no such aircraft have been employed in scheduled airline service for more than sixty consecutive operating days at such point;

(E) service provided with pressurized aircraft for operations which regularly exceed an altitude of eight thousand feet;

(F) service at fares which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points; and

(G) service provided by an aircraft with an effective capacity of at least 15 passengers unless, after October 31, 1978, aircraft with an effective capacity of at least 15 passengers have not been employed from the eligible point for more than 60 consecutive operating days of scheduled airline services;

(3) "basic air service" means, with respect to points in the State of Alaska, service at reasonable fares and charges that is not less than that which existed in calendar year 1976 or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Secretary and the State agency of the State of Alaska, after consultation with the community affected;

(4) "eligible point" means any airport in the United States which is more than 50 statute miles by highway from a hub airport and for which a determination of essential air transportation has been made under section 419 of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389);

(5) "enhanced air service" means service whose quality exceeds basic air service to



the extent that it would require payment of compensation under this section in excess of the compensation required for such basic air service;

(6) "hub airport" means an airport that annually emplanes more than 0.25 percent of the total annual enplanements in the United States;

(7) "new eligible point" means any airport which is not an eligible point that has been designated by a State or local government as a point to receive scheduled passenger air service under this section, if such State or local government has guaranteed to pay 50 per centum of the compensation paid to an air carrier for providing the air service specified by such State or local government; and

(8) "Secretary" means the Secretary of Transportation.

(c) The Secretary shall pay compensation to air carriers to the extent necessary to—

(1) assure that each eligible point receives uninterrupted basic air service;

(2) assure that each new eligible point receives air service of such type and quality as may be specified by a State or local government which has agreed to pay 50 per centum of the compensation paid to an air carrier to provide such service; and

(3) provide for enhanced air service at each eligible point whenever a State or local government or any other person has agreed to pay 50 per centum of the additional compensation paid to an air carrier to provide such enhanced air service.

(d) In selecting an air carrier to provide air service under this section, the Secretary shall give particular weight to such carrier's demonstrated reliability in providing scheduled air service and to such carrier's contractual arrangements with other air carriers to assure service beyond the hub airport in accordance with subsection (b)(2)(B) of this section. The Secretary shall pay compensation to air carriers providing air service from the hub airport to points beyond the hub airport where the Secretary determines that such compensation is necessary to assure such service. The Secretary shall also encourage the submission of joint proposals by two or more air carriers which reflect arrangements to maximize service for eligible points to and from major cities beyond the hub airport of such carriers.

(e) Arrangements for basic air service made under this section shall, to the extent otherwise consistent with this section, reflect the preferences of the actual and potential users of airline service at the eligible point. In determining such preferences, the Secretary shall give substantial weight to the views of elected officials representing such users. Any arrangement providing for enhanced air service shall include such provisions for enhancements as are prescribed by the governmental entity or other person which has agreed to pay the non-Federal share of compensation and are otherwise lawful. The Secretary may require appropriate payment in advance or such other security to assure that the non-Federal share of compensation for air service under this section is made in a timely manner.

(f) An air carrier may not terminate, suspend, or reduce air transportation to any eligible point below the level of basic air service established for such point under this section unless such air carrier has given the Secretary, the appropriate State agency or agencies, and the communities affected at least 90 days notice prior to such termination, suspension, or reduction.

(g) If an air carrier has provided notice to the Secretary under subsection (f) of such air carrier's intention to suspend, terminate, or reduce service to any eligible point below the level of basic air service to such point, and if at the conclusion of the applicable

period of notice the Secretary, despite diligent efforts, has not been able to find another air carrier to provide basic air service to such point, the Secretary shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide basic air service to such point, whichever first occurs. If at the end of such 30-day period the Secretary determines that no other air carrier can be secured to provide basic air service to such eligible point on a continuing basis, either with or without compensation, then the Secretary shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide basic air service to such eligible point on a continuing basis.

(h) If an air carrier is required to continue to provide service under subsection (g) of this section after the end of the required notice period, such air carrier shall be paid compensation by the Secretary for service beyond such period in an amount which is sufficient to cover its fully allocated actual costs plus return on used and useful investment (at market value) attributable to the service and the reasonably demonstrable cost of opportunities foregone as a result of being obliged to provide such extended service.

(i) The Secretary may incur obligations for the purpose of carrying out the provisions of this section from appropriations made for such purpose.

(j) In carrying out the provisions of this section, the Secretary shall invite the participation and comments of affected State and local governments to the maximum extent practicable. Arrangements made under this section shall be made by and in the name of the Secretary.

(k) Section 419(g) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389(g)) is amended to read as follows:

"(g) DURATION OF PROGRAM.—This section shall cease to be in effect after October 1, 1988."

(l) There is authorized to be appropriated, for fiscal year 1988, and each of the next following nine fiscal years, such sums as may be necessary for carrying out the provisions of this section.

(m) This section shall take effect on October 1, 1988, and shall remain in effect for the 120-month period following the date of its enactment.

#### BENTSEN AMENDMENT NO. 1069

Mr. BENTSEN proposed an amendment to the bill (S. 1184) supra; as follows:

At the end of title I of the bill, insert the following new section (and conform the table of contents of such title accordingly):

##### SEC. 121. RELEASE OF RESTRICTIONS.

(a) GENERAL RULE.—Subject to subsection (b), in recognition of the benefits to the public, the city of Laredo, Texas, and its successors and assigns, are hereby released from all terms, conditions, reservations, and restrictions contained in the instrument of disposal dated February 21, 1975, by which the United States conveyed the property on which the Laredo International Airport, Laredo, Texas, is located to such city to the extent that such terms, conditions, reservations, and restrictions apply to the portion of such property consisting of approximately 680.1586 acres of land which is designated under the 1985 master plan and land use

plan for the Laredo International Airport as being available for nonaviation purposes.

(b) CONDITIONS.—The release granted by subsection (a) shall be subject to the following conditions:

(1) All revenues derived from the property to which such release applies shall be used for development, improvement, operation, and maintenance of the Laredo International Airport.

(2) The use of property to which such release applies shall not interfere with the operation and maintenance of such airport.

(3) Property to which such release applies may only be rented or leased if the term of the rental or lease agreement is 20 years or less and if compensation which is not less than—

(A)  $\frac{1}{4}$  of fair market value is received in the case of a rental or lease agreement for a term of 10 years or less; and

(B)  $\frac{1}{2}$  of fair market value is received in the case of a rental or lease agreement for a term of more than 10 years.

(4) Property to which such release applies may only be transferred if compensation which is equal to or more than fair market value is received.

(5) The city of Laredo, Texas, shall provide to the Administrator of the Federal Aviation Administration—

(A) an accounting and management plan acceptable to the Administrator for managing the Laredo International Airport general fund; and

(B) an explanation of the management by such city of such general fund in calendar years beginning after December 31, 1977, and ending before the date of the enactment of this Act.

(c) IMPLEMENTATION.—The administrator of the Federal Aviation Administration shall take such action as may be necessary to carry out the provisions of this section.

#### CHILES AMENDMENT NO. 1070

Mr. CHILES proposed an amendment to the bill (S. 1184) supra; as follows:

On page 2, strike out lines 15 and 16 and insert in lieu thereof the following:

(10), as so redesignated, and inserting in lieu thereof a semicolon;

On page 2, strike out line 23 and insert in lieu thereof the following:

extent; and

"(12) it is in the national interest to insure that nonaviation usage of navigable airspace be accommodated, but not allowed to decrease the safety and capacity of the airspace and airport system this title is developing."

On page 4, between lines 17 and 18, insert the following new sections:

SEC. 3A. Section 504(a) of the Airport and Airway Improvement Act of 1982 (49 U.S.C. 2203(a)) is amended—

(1) by designating the existing text as paragraph (a)(1); and

(2) by adding at the end thereof the following new paragraph:

"(2) As soon as feasible following the date of the enactment of this paragraph, the Secretary shall, in reviewing and revising the plan, take into account tall structures which reduce safety or airport capacity. In addition, the Secretary, in carrying out such review and revision, shall make every reasonable effort to address the legitimate needs of air cargo operations, and STOL/VSTOL and rotary wing aircraft operations."

SEC. 3B. Section 1101 of the Federal Aviation Act of 1958 (49 U.S.C. 1501) is amended to read as follows:



**"HAZARDS TO SAFE AND EFFICIENT AIR COMMERCE AND THE PRESERVATION OF NAVIGABLE AIRSPACE AND AIRPORT TRAFFIC CAPACITY"**

"Sec. 1101. (a) The Secretary of Transportation (hereinafter in this section referred to as the 'Secretary') shall, by rules and regulations, or by order where necessary, require all persons to give adequate public notice, in the form and manner prescribed by the Secretary, of the construction or alteration, or of the proposed construction or alteration, of any structure where notice will promote safety in air commerce as well as the efficient use and preservation of the navigable airspace, and airport traffic capacity at public-use airports.

"(b) Where the Secretary determines, according to rules and regulations, that the construction or alteration of any structure may constitute a physical obstruction in navigable airspace, the Secretary shall conduct an aeronautical study to determine the extent of the adverse impact, if any, on the safe and efficient use of the navigable airspace. Upon completion of such an aeronautical study, the Secretary shall issue a report fully disclosing the extent of the adverse impact on the safe and efficient use of the navigable airspace which the Secretary determines will result from the construction or alteration of a structure.

"(c) When conducting an aeronautical study to determine the impact of the construction or alteration of a structure, the Secretary shall thoroughly consider, according to rules and regulations, all factors relevant to the efficient and effective use of the navigable airspace, and shall specifically consider:

"(1) the impact on arrival, departure, and en route procedures for aircraft operating under visual flight rules;

"(2) the impact on arrival, departure, and en route procedures for aircraft operating under instrument flight rules;

"(3) the impact on all existing public-use airports and aeronautical facilities;

"(4) the impact on all planned public-use airports and aeronautical facilities; and

"(5) the cumulative impact resulting from the proposed construction or alteration of a structure when combined with the impact of other existing or proposed structures.

"(d) In the administration of laws relating to broadcast applications and the conduct of aeronautical studies relating to broadcast towers, the Federal Communications Commission and the Federal Aviation Administration shall take such action as may be necessary to efficiently coordinate the receipt, consideration of, and action upon such applications and the completion of associated aeronautical studies."

**BENTSEN (AND PACKWOOD)  
AMENDMENT NO. 1071**

Mr. BENTSEN (for himself and Mr. PACKWOOD), on behalf of the Committee on Finance, proposed an amendment to the bill (S. 1184) supra; as follows:

At the end of the bill, insert the following new title:

**TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986**

**SEC. 201. SHORT TITLE: AMENDMENT OF 1986 CODE.**

(a) **SHORT TITLE.**—This title may be cited as the "Airport and Airway Revenue Act of 1987".

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be con-

sidered to be made to a section or other provision of the Internal Revenue Code of 1986.

**SEC. 202. 4-YEAR EXTENSION OF TAXES ON TRANSPORTATION BY AIR: REDUCTION OF TAXES IN 1991 IF FUNDS REMAIN UNOBLIGATED.**

(a) **TAX ON TRANSPORTATION OF PERSONS BY AIR.**—Section 4261(f) (relating to termination of tax on transportation by air) is amended to read as follows:

"(f) **TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.**—

"(1) **IN GENERAL.**—Except as provided in paragraph (2), the taxes imposed by this section shall apply with respect to transportation beginning after August 31, 1982, and before January 1, 1992.

"(2) **REDUCTION OF RATE IN 1991.**—In the case of transportation beginning in 1991, if the unobligated balance in the Airport and Airway Trust Fund as of September 30, 1990 (as determined by the Secretary) exceeds \$3,000,000,000, then—

"(A) subsections (a) and (b) shall each be applied by substituting '4 percent' for '8 percent'; and

"(B) subsection (c) shall be applied by substituting '\$1.50' for '\$3'.

"(3) **TREATMENT OF OBLIGATIONS.**—For purposes of determining the unobligated balance of the Airport and Airway Trust Fund under paragraph (2)—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), an amount shall be treated as obligated when it is appropriated.

"(B) **AMOUNTS OBLIGATED UNDER SECTION 505 OF AIRWAY IMPROVEMENT ACT.**—An amount shall be treated as obligated under section 505 of the Airport and Airway Improvement Act of 1982 when such amount is authorized."

(b) **TAX ON FUELS USED IN NONCOMMERCIAL AVIATION.**—

(1) **IN GENERAL.**—Section 4041(c)(5) (relating to termination) is amended to read as follows:

"(5) **TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.**—

"(A) **IN GENERAL.**—Except as provided in subparagraph (B), the taxes imposed by paragraphs (1) and (2) shall apply during the period beginning on September 1, 1982, and ending on December 31, 1991.

"(B) **REDUCTION OF RATE IN 1991.**—In the case of any sale or use during 1991, if paragraph (2) of section 4261(f) applies during 1991, then—

"(i) paragraph (1) shall be applied by substituting '7 cents' for '14 cents'; and

"(ii) no tax shall be imposed under paragraph (2)."

(2) **REFUND OF FUEL TAXES ON NONCOMMERCIAL AVIATION.**—

(A) **IN GENERAL.**—Section 6427 (relating to fuels not used for taxable purposes) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) **GASOLINE USED IN NONCOMMERCIAL AVIATION DURING 1991.**—Except as provided in subsection (k), if section 4041(c)(5)(B) applies during 1991 and—

"(1) any tax is imposed by section 4041(c)(2) or 4081 on any gasoline sold during 1991, and

"(2) such gasoline is used as a fuel in any aircraft in noncommercial aviation (as defined in section 4041(c)(4)), the Secretary shall pay (without interest) to the ultimate purchaser of such gasoline an amount equal to the excess (if any) of the aggregate amount of tax paid under sections 4041(c)(2) and 4081 on the gasoline so used over an amount equal to 6 cents multiplied by the number of gallons of gasoline so used."

(B) **TECHNICAL AMENDMENTS.**—

(i) Paragraph (1) of section 6427(i) is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (p)".

(ii) Clause (i) of section 6427(i)(2)(A) is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (p)".

(c) **TAX ON TRANSPORTATION OF PROPERTY BY AIR.**—Section 4271(d) (relating to termination) is amended to read as follows:

"(f) **TERMINATION; REDUCTION IN 1991 IF FUNDS REMAIN UNOBLIGATED.**—

"(1) **IN GENERAL.**—Except as provided in paragraph (2), the taxes imposed by this section shall apply with respect to transportation beginning after August 31, 1982, and before January 1, 1992.

"(2) **REDUCTION IN RATE IN 1991.**—In the case of transportation beginning in 1991, if paragraph (2) of section 4261(f) applies during 1991, then subsection (a) shall be applied by substituting '2.5 percent' for '5 percent'."

(d) **EXPENDITURES FROM TRUST FUND.**—

(1) **IN GENERAL.**—Section 9502(b) (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes) is amended by striking out "January 1, 1988" each place it appears and inserting in lieu thereof "January 1, 1992".

(2) **EXPENDITURES FROM TRUST FUND.**—The material preceding subparagraph (A) of paragraph (1) of section 9502(d) (relating to expenditures from Airport and Airway Trust Fund) is amended by striking out "October 1, 1987" and inserting in lieu thereof "October 1, 1990".

(3) **TRUST FUND PURPOSES.**—Subparagraph (A) of section 9502(d)(1) is amended by inserting before the semicolon "or under the Airport and Airway Capacity Expansion Act of 1987 (as such Act was in effect on the date of the enactment thereof)".

**SEC. 203. EXEMPTION OF CERTAIN HELICOPTERS FROM TAX ON TRANSPORTATION OF PERSONS BY AIR.**

(a) **EXEMPTION.**—Subsection (e) of section 4261 (relating to exemption for certain helicopter uses) is amended by striking out "or" at the end of paragraph (1), by inserting "or" at the end of paragraph (2), and by adding after paragraph (2) the following new paragraph:

"(3) any other use if tax is imposed under section 4041(c) or 4081 on fuel used in connection with such use."

(b) **IMPOSITION OF TAX ON FUELS USED BY HELICOPTERS EXEMPT FROM TAX ON TRANSPORTATION OF PERSONS.**—Paragraph (4) of section 4041(c) (defining noncommercial aviation) is amended by adding at the end thereof the following new sentence: "Except as provided in subsection (i), the term 'non-commercial aviation' shall include the use of any helicopter which does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970 or otherwise uses services provided pursuant to the Airport and Airway Improvement Act of 1982."

(c) **TECHNICAL AMENDMENTS.**—Sections 4261(e) and 4041(i) are each amended by striking out "System Improvement Act" and inserting in lieu thereof "Improvement Act".

(d) **EFFECTIVE DATE.**—

(1) **EXEMPTION.**—The amendments made by subsection (a) shall apply to transportation beginning after September 30, 1988, but shall not apply to any amount paid on or before such date.

(2) **FUELS TAX.**—The amendment made by subsection (b) shall apply to sales or uses after September 30, 1988.



# KASSEBAUM AMENDMENT NO. 1072

Mrs. KASSEBAUM proposed an amendment to amendment No. 1068 proposed by Mr. Exon (and others) to the bill (S. 1184) supra, as follows:

Strike out the proposed language and insert in lieu thereof the following:

Sec. . (a) Section 419(g) of the Federal Aviation Act of 1958 (49 App. U.S.C. 1389(g)) is amended to read as follows:

## "DURATION OF THE PROGRAM"

"(g) This section shall cease to be in effect after September 30, 1990."

(b) Not later than September 30, 1989, the Secretary of Transportation shall report to the Congress on the desirability and feasibility of further extending the program. Such report shall make recommendations on possible program modifications including, but not limited to, modifications which would increase annual numbers of enplanements, reduce individual passenger costs, and improve program service. Such report shall also make recommendations on options for allocating the costs of providing essential air transportation, on a cost-sharing basis, between various levels of government, and shall recommend the share of such compensation that should be allocated to, and contributed by, the jurisdictions involved.

# McCAIN AMENDMENT NO. 1073

Mr. McCAIN proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. 19. The Secretary of Transportation shall study the various methods of air traffic control which might be utilized at the Grand Canyon Airport, including the possibility and feasibility of installing radar for air traffic control purposes. The Secretary shall report the results of such study, together with his or her recommendations, to the Congress on or before the expiration of the 180-day period following the date of the enactment of this Act.

# REID AMENDMENT NO. 1074

Mr. FORD (for Mr. REID) proposed an amendment to the bill (S. 1184) supra, as follows:

On page 4, line 25, immediately before the period, insert the following: "and on the quality of the environment".

# WIRTH AMENDMENT NO. 1075

Mr. FORD (for Mr. WIRTH) proposed an amendment to the bill (S. 1184) supra, as follows:

On page 21, after line 21, add the following:

Sec. 19. (a) Notwithstanding section 16 of the Federal Airport Act (as in effect on the date of each conveyance referred to in this subsection) with respect to such conveyance, the Secretary is authorized, subject to the provisions of section 4 of the Act of October 1, 1949 (63 Stat. 700; 50 U.S.C. App. 1622c), and the provisions of subsection (b) of this section, to grant release—

(1) from any of the terms, conditions, reservations, and restrictions contained in each deed of conveyance under which the United States conveyed property to the city and county of Denver, Colorado, on which portions of Stapleton International Airport are located; and

(2) from any assurance made by the sponsor of such airport for a grant under the Airport and Airway Improvement Act of 1982 for a project at such airport.

(b) CONDITIONS.—Any release granted by the Secretary under paragraph (1) of this subsection shall be subject to the following conditions:

(1) The city and county of Denver, Colorado, shall agree that in conveying any interest in the property which the United States conveyed any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) the city and county will receive an amount for such interest which is equal to the fair market value (as determined pursuant to regulations issued by the Secretary).

(2) Any such amount so received by the city and county shall be used by the city and county for the development, construction, and improvement of a new Denver air carrier airport and a reliever airport in the event that the operation of the new air carrier airport severely restricts the operation of the nearby reliever airport. In no event shall such amount be used for operation or maintenance of such airports.

(3) The city and county shall agree not to convey any interest in the property which the United States conveyed to the city and county by the deeds described in subsection (a) until the opening and initial operation of a primary airport to replace Stapleton International Airport, unless the Secretary determines that any such property is not essential for the operation of Stapleton International Airport.

# STEVENS AMENDMENT NO. 1076

Mr. FORD (for Mr. STEVENS) proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. 19. Section 507(a)(2)(B) of the Act is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, the Secretary of Transportation shall make available grants for minimum facility and safety improvements to public airports (other than commercial service airports) described in section 508(d)(3)(C)."

# INOUE AMENDMENT NO. 1077

Mr. FORD (for Mr. INOUE) proposed an amendment to the bill (S. 1184) supra, as follows:

At the appropriate place insert the following:

Airport grant funds made available to the State of Hawaii under Section 505 may, notwithstanding any other provision of law, be used to acquire properties referred to as areas 46A and 46B of the United States General Services Administration Facility Site in Moanalua, Honolulu, Oahu, Hawaii, or to reimburse the State of Hawaii for such acquisitions.

That (a) notwithstanding Section 23 of the Airport and Airway Improvement Act (as in effect on April 6, 1982), the Secretary of Transportation is authorized, subject to the provisions of Section 4 of the Act of October 1, 1947, 50 App. U.S.C. 1622(c), and the provisions of subsection (b) of this section, to grant releases from any of the terms, conditions, reservations, and restrictions contained in the deed of conveyance, dated April 6, 1982, under which the United States conveyed certain property to the State of Hawaii for airport purposes.

(b) Any release granted by the Secretary of Transportation under subsection (a) of

this section shall be subject to the following conditions:

(1) The property for which a release is granted under this subsection shall not exceed 2,280 acres.

(2) The State of Hawaii shall agree that, in conveying any interest in the property which the United States conveyed to the State by a deed described in subsection (a), the State will receive an amount for such interest which is equal to the fair market value.

(3) Any amount so received shall be used for airport purposes only; and

(4) In the event land or any interest therein is received in exchange for all or part of the 2,280 acres, the deed of conveyance of such land or interest will contain language mandating that:

(A) the land or interest must be used for airport purposes only; and

(B) such land or interest in land received by the State of Hawaii may not be conveyed by the State, except by approval of the Federal Government, pursuant to the authority vested in the Secretary of Transportation, under Section 4 of the Act of 1947, 50 App. U.S.C. 1622(c); and

(C) such conveyance by the State of Hawaii shall be subject to receipt of fair market value; and

(D) the proceeds from such conveyance by the State of Hawaii shall be used for airport purposes only.

# STEVENS AMENDMENT NO. 1078

Mr. FORD (for Mr. STEVENS) proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. . The Federal Aviation Administration flight service station located in Juneau, Alaska, is designated and shall, after the date of enactment of this Act, be known as the "Dave Scheytt Flight Service Station". Any reference in a law, map, regulation, document, or other paper of the United States to such flight service station shall be held and considered to refer to the "Dave Scheytt Flight Service Station".

# GRAHAM AMENDMENT NO. 1079

Mr. GRAHAM proposed an amendment to the bill (S. 1184) supra, as follows:

Amend Section 534, page 18, line 16, by inserting after "agency", the following: "or equivalent State qualifications-based requirement. This paragraph shall apply except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services."

# STEVENS AMENDMENT NO. 1080

Mr. STEVENS proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. 19. Section 507(a)(2)(B) of the Act is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, the Secretary of Transportation shall make available grants for minimum facility and safety improvements to public airports (other than commercial service airports) described in section 508(d)(3)(C)."



**METZENBAUM AMENDMENT NO. 1081**

Mr. METZENBAUM proposed an amendment which was subsequently modified, to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following:  
 Sec. . (a) The Secretary of Transportation shall ensure greater safety to air passengers by issuing, within 180 days following the date of the enactment of this Act, regulations requiring:

(1) adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which the Secretary of Transportation determines a part of which flight will occur over water and adequate information and instructions as to the use of such preservers, rafts, and flotation devices;

(2) as soon as feasible, but in no event later than January 1, 1993, all seats on board all air carrier aircraft to meet dynamic testing standards for crashworthiness; and

(3) prior to the expiration of the 36-month period following the date of the enactment of this Act, all air carrier aircraft to meet interior cabin flammability standards, and further require that air carrier aircraft certificated after January 1, 1993, be equipped with crash-resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system.

(c) The Secretary of Transportation shall report to Congress, within 90 days following the date of the enactment of this Act, on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carrier maintenance and safety-related procedures.

**SARBANES (AND OTHERS) AMENDMENT NO. 1082**

Mr. SARBANES (for himself, Ms. MIKULSKI, and Mr. MITCHELL) proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. 19. (a) The Administrator of the Federal Aviation Administration shall conduct a study of noise abatement proposals under consideration by airport operators and local governments for the purpose of identifying those proposals which, under existing law or administrative policy, are not currently eligible for Federal assistance and determining whether or not such proposals should be made eligible for Federal assistance.

(b) Not later than the 180th day following the date of the enactment of this Act, the Administrator of the Federal Aviation Administration shall transmit to Congress a report on the results of the study conducted under subsection (a) together with recommendations concerning modifications in existing law and administrative policy for making additional noise abatement proposals eligible for Federal assistance.

**DOMENICI AMENDMENT NO. 1083**

Mr. DOMENICI proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. . In the administration of the Airport and Airway Improvement Act of 1982, and any rule or regulation issued or promulgated pursuant thereto, the Sierra Blanca

Regional Airport, Ruidoso, New Mexico, for purposes of determining the eligibility of such airport for Federal assistance under such Act for airport development, namely fire protection, shall be considered to have scheduled commuter service with at least a 30 passenger aircraft.

**BUMPERS AMENDMENT NO. 1084**

Mr. BUMPERS proposed an amendment to the bill S. 1184, supra, as follows:

At the end of the bill, add the following:

Sec. . In the administration of the provisions of the Airport and Airway Improvement Act of 1982, the municipal airport of the City of Dermott, Arkansas, shall not be denied eligibility for assistance under such Act on the basis that such airport is located on leased land, if such lease is for a period of at least 99 years, and if the land so leased consists of at least 25 acres.

**LAUTENBERG AMENDMENT NOS. 1085 AND 1086**

Mr. LAUTENBERG proposed two amendments to the bill (S. 1184) supra, as follows:

**AMENDMENT NO. 1085**

At the end of the bill, add the following new section:

Sec. 19. (a) Section 206 of the National Driver Register Act of 1982 (23 U.S.C. 401 note) is amended as follows:

(1) In subsection (a), paragraph (1) is amended by substituting the word "transportation" for "highway".

(2) In subsection (b), insert the following new paragraph immediately after paragraph (2), and renumber paragraphs (3) and (4) as paragraphs (4) and (5), respectively.

"(3) Any individual who has applied for or received an airman's certificate may request the chief driver licensing official of a State to transmit information regarding the individual under subsection (a) of this section to the Administrator of the Federal Aviation Administration. The Administrator of the Federal Aviation Administration may receive such information, and shall make that information available to the individual for review and written comment. The Administrator shall not divulge or use such information except to verify information required to be reported to the Administrator by airmen applying for an airman medical certificate and to evaluate whether the airman meets the minimum medical standards as prescribed by the Administrator to be issued an airman medical certificate. There shall be no access to information in the Register under this paragraph if such information was entered in the Register more than three years before the date of such request, unless such information relates to revocations or suspensions which are still in effect on the date of the request. Information submitted to the Register by States under the Act of July 14, 1960 (74 Stat. 526), or under this Act shall be subject to access for the purpose of this paragraph during the transition to the Register established under section 203(a) of this Act."

(b) Section 206(b) of the National Driver Register Act of 1982 (23 U.S.C. 401 note) is amended by adding the following sentence at the end of paragraphs (b)(1), (b)(2), and (b)(4), respectively: "Information submitted to the Register by States under the Act of July 14, 1960 (74 Stat. 526), and under this Act shall be subject to access for the purpose of this paragraph during the transition to the Register established under section 203(a) of this Act."

**AMENDMENT NO. 1086**

At the end of the bill, add the following new section:

Sec. . (a) The Secretary of Transportation shall initiate a supplementary rulemaking to require the installation and use of cockpit voice recorders and flight data recorders on commuter aircraft and other aircraft, commensurate with the recommendations of the National Transportation Safety Board.

(b) The Secretary of Transportation shall issue a notice of proposed rulemaking not later than 30 days after the date of the enactment of this Act.

**WILSON AMENDMENT NO. 1087**

Mr. WILSON proposed an amendment to the bill (S. 1184) supra, as follows:

At the end of the bill, add the following new section:

Sec. . (a) This section may be cited as the "Federal Aviation Act of 1958 Amendments Act".

(b) Section 901(a)(1)(A) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)(A)) is amended by inserting "1101," immediately after the word "section" where it first appears.

(c) Section 901(a)(2) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(2)) is amended by inserting the phrase ", or of section 1101, 1114, or 1115(e)(2)(B)" immediately after "XII".

(d) Section 901(a)(1) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1471(a)(1)) is amended by inserting the following words immediately after "violation," where it first appears: "except that a person who operates aircraft for the carriage of persons or property for compensation or hire, other than an airman serving in the capacity of an airman, shall be subject to a civil penalty not to exceed \$10,000 for each violation of title III, VI, or XII of this Act, or any rule, regulation, or order issued thereunder, and".

(e) The Federal Aviation Act of 1958 is further amended by adding immediately after section 901 a new section 901A to read as follows:

**"CIVIL PENALTY ASSESSMENT DEMONSTRATION PROGRAM"****"Civil Penalty"**

"Sec. 901A. (a) The Administrator, or his delegate, may assess a civil penalty for a violation arising under this Act or a rule, regulation, or order issued thereunder, upon written notice upon finding of violation by the Administrator, after notice and opportunity for a hearing.

**"No Reexamination of Liability or Amount"**

"(b) In the case of a civil penalty, assessed by the Administrator in accordance with this provision, the issue of liability or amount of civil penalty shall not be reexamined in any subsequent suit for collection of such civil penalty.

**"United States District Courts"**

"(c) Notwithstanding subsection (a) of this section, the United States district courts shall have exclusive jurisdiction of any civil penalty action initiated by the Administrator: (1) which involves an amount in controversy in excess of \$100,000; (2) which is an in rem action or in which an in rem action based on the same violation has been brought; (3) regarding which an aircraft subject to lien has been seized by the United States; and (4) in which a suit for injunctive relief based on the violation giving rise to the civil penalty has also been brought.



**"Termination"**

"(d) The provisions of this section shall be in effect for 2 years following the date of enactment of this section, and shall apply to a civil penalty initiated by the Administrator on or after the date of enactment of this section, but shall not apply to a case in which the Administrator seeks a civil penalty in an amount in excess of \$100,000 from a violator."

(f) The Administrator of the Federal Aviation Administration shall report to the Congress 18 months after the date of enactment of this section. The report shall include: (1) the Administrator's views concerning the effectiveness of civil penalty levels enacted in this Act, and whether additional changes are necessary to provide an adequate safety deterrent; and (2) the Administrator's recommendation as to the effectiveness of the civil penalty assessment demonstration program authorized by section 4 of this Act and whether it should be continued.

(g) Section 902 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1472) is amended by—

(1) inserting immediately after "inclusive," in subsection (c), the words "and subsection (r)"; and

(2) adding a new subsection (r) to read as follows:

**"Secured Areas on Airports"**

"(r)(1) It shall be unlawful for any person to knowingly and willfully enter an aircraft or an airport area that serves air carriers or foreign air carriers contrary to security requirements established pursuant to sections 315 or 316 of this Act. Upon conviction thereof, such person shall be subject to imprisonment for a term not to exceed 1 year or a fine not to exceed \$1,000, or both.

"(2) If any person violates paragraph (1) of this subsection with the intent to commit in the aircraft or secured area an act punishable as a felony under Federal or State law, such person shall be subject to imprisonment for a term not to exceed 10 years or a fine not to exceed \$10,000, or both."

(h) Section 313 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1354) is amended by adding at the end thereof the following new subsection:

**"Indemnification"**

"(e) The Administrator is empowered to indemnify any officer or employee of the Federal Aviation Administration against any claim or judgment against such person, provided that such claim or judgment arises out of an act or acts committed, as determined by the Administrator, within the scope of such person's official duties. The Administrator may issue such regulations as may be necessary to implement this subsection."

(i)(1) Section 101(36) of the Federal Aviation Act of 1958 (49 U.S.C. App. 1301(36)) is amended by adding the following sentence at the end thereof: "For purposes of this definition, 'used exclusively in the service of' means, for other than the Federal Government, an aircraft which is owned and operated by a governmental entity for other than commercial purposes or which is exclusively leased by such governmental entity for not less than 90 continuous days."

(2) Section 304(a)(6) of the Independent Safety Board Act of 1974 (49 U.S.C. App. 1903(a)(6)) is amended to read as follows:

"(6) establish by regulation requirements binding on persons reporting (A) accidents and aviation incidents subject to the Board's investigatory jurisdiction under this subsection, and (B) accidents and aviation incidents involving public aircraft other than aircraft of the Armed Forces and the Intelligence Agencies, and the Board shall report

to the Congress within the 18-month period following the date of the enactment of the Federal Aviation Act of 1958 Amendments Act, its findings on public aircraft accidents and incidents."

**LAUTENBERG AMENDMENT NO. 1088**

Mr. LAUTENBERG proposed an amendment to the bill (S. 1184) supra; as follows:

**AMENDMENT No. 1088**

At the end of the bill add the following new section:

SEC. 3. The Airport and Airway Improvement Act of 1982 (title V of Public Law 97-248, 96 Stat. 677), as amended, is amended by adding at the end thereof the following new section:

**"SEC. 530. ATLANTIC CITY AIRPORT."**

"(a) LIMITATION ON FUNDING OR TRANSFER OF PROPERTY.—

"Notwithstanding any other provision of law, with regard to the Atlantic City Airport, at Pomona, New Jersey, the Federal Aviation Administration shall not convey any interest in property (pursuant to section 516 of this title) to any municipality or any other entity operating such airport, nor shall any funds authorized by this Act be available to such municipality or entity for any planning, study, design, engineering, or construction of a runway extension, new runway, new passenger terminal, or improvements to or expansion of the existing passenger terminal at such airport, until such time as:

"(1) the Master Plan Update for Atlantic City Airport and Bader Field, prepared pursuant to Federal Aviation Administration Contract FA-EA-2656, is completed and released; and

"(2) the Administrator of the Federal Aviation Administration finds that a public entity has been created to operate and manage the Atlantic City Airport, which entity has the following characteristics:

"(A) the authority to enter into contracts and other agreements, including contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States;

"(B) the standing to sue and be sued in its own name;

"(C) the authority to hire and dismiss officers and employees;

"(D) the power to adopt, amend and repeal bylaws, rules, regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised;

"(E) the authority to acquire, in its own name, an interest in such real or personal property as is necessary or appropriate for the operation and maintenance of the airport;

"(F) the power to acquire property by the exercise of the right of eminent domain;

"(G) the power to borrow money by issuing marketable obligations, or such other means as is permissible for public authorities under the laws of the State of New Jersey;

"(H) adequate financial resources to carry out all activities which are ordinarily necessary and appropriate to operate and maintain an airport;

"(I) a governing board which includes (but need not be limited to) voting representatives of the city of Atlantic City, the county of Atlantic, and the municipalities which are adjacent to or are directly impacted by the airport;

"(J) a charter which includes (i) a requirement that members of the governing board

have expertise in transportation, finance, law, public administration, aviation, or such other qualifications as would be appropriate to oversee the management, planning and operation of an airport; and (ii) procedures which protect the research and development mission of the Federal Aviation Technical Center at Pomona, New Jersey, and the defense functions of the Air National Guard; and

"(K) the authority to carry out comprehensive transportation planning to minimize traffic congestion and facilitate access to and from the airport.

"(b) SAFETY FUNDS NOT SUBJECT TO LIMITATION.—

"The limitation on funds set forth in subsection (a) shall not apply to any expenditure which the Administrator of the Federal Aviation Administration determines is needed for safety purposes.

"(c) EFFECTIVE DATE.—

"The restriction set forth in subsection (a) shall be applicable only to funds which are authorized for the fiscal year beginning October 1, 1987. Notwithstanding any other provision of law, the funds restricted under subsection (a) shall become available at such time as the conditions set forth in subsection (a) are satisfied."

**AMENDMENT No. 1089**

On page 3 of the bill, strike all on lines 1 through 12, and insert in lieu thereof the following:

"(1) in paragraph (2), by inserting immediately before the"

**FORD AMENDMENT NOS. 1089 AND 1090**

Mr. FORD proposed two amendments to the bill (S. 1184) supra; as follows:

**AMENDMENT No. 1089**

On page 3 of the bill, strike all on lines 1 through 12, and insert in lieu thereof the following:

"(1) in paragraph (2), by inserting immediately before the"

**AMENDMENT No. 1090**

At the end of the bill, add the following:

SEC. . Not later than 120 days after the date of enactment of this Act, the Secretary of Transportation shall promulgate regulations to establish criteria for the installation of airport control towers and other navigational aids. In setting criteria under such regulations relating to the number of air carrier operations, the Secretary shall count operations of aircraft providing regularly scheduled commercial passenger service with fewer than 61 seats as equivalent to operations carried out by aircraft with 61 or more seats.

**COHEN (AND OTHERS) AMENDMENT NO. 1091**

Mr. COHEN (for himself, Mr. MITCHELL, and Mr. MURKOWSKI) proposed an amendment to the bill (S. 1184) supra; as follows:

At the end of the bill, add the following new section:

SEC. . Section 503(a)(9) of the Act (49 U.S.C. 2202(a)(9)) is amended by adding at the end thereof the following: "For purposes of this definition, the term 'passengers enplaned' also includes passengers on board international flights which transit an airport for nontraffic purposes."



# METZENBAUM AMENDMENT NO. 1092

Mr. METZENBAUM proposed an amendment to the bill (S. 1184) supra; as follows:

At the end of the bill add the following:

Sec. (a) The Secretary of Transportation shall ensure greater safety to air passengers by issuing, within 120 days following the date of enactment of this Act, regulations requiring adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which the Secretary of Transportation determines a part of which flight will occur over water and adequate information and instructions as to the use of such preservers, rafts, and flotation devices.

(b) The Secretary of Transportation shall begin within 120 days following the date of enactment of this Act, and shall complete not later than 425 days following the date of enactment of this Act, a rulemaking—

(1) establishing regulations requiring all seats on board all air carrier aircraft to meet improved crashworthiness standards based upon the best available testing standards for crashworthiness;

(2) establishing regulations requiring air carrier interior cabins to meet improved flammability standards; and

(3) establishing regulations pertaining to aircraft design and equipment, including fuel tanks, to minimize the incidence of fire or explosion, such regulations to include, but not be limited to, considering crash resistant inner fuel tanks and breakaway, self-closing fittings throughout the fuel system.

(c) The Secretary of Transportation shall report to Congress, within 90 days following the date of enactment of this Act, on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carriers maintenance and safety-related procedures.

# DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION ACT, FISCAL YEAR 1988

## JOHNSTON (AND BREAUX) AMENDMENT NO. 1093

Mr. JOHNSTON (for himself and Mr. BREAUX) proposed an amendment to the bill (H.R. 2890) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1988, and for other purposes; as follows:

An amendment to be inserted in the appropriate section of the bill:

### SEC. 1. TRANSFER OF SECTION 9 FUNDS.

"The Governor of Louisiana, after consultation with all urbanized areas within Louisiana, may transfer not to exceed \$5,000,000 of unused apportionments under Section 9 of the Urban Mass Transportation Act of 1964 to any other urbanized area for use for urban mass transportation purposes. The authority to transfer these funds expires on October 1, 1988."

## BREAUX (AND JOHNSTON) AMENDMENT NO. 1094

Mr. BREAUX (for himself and Mr. JOHNSTON) proposed an amendment to the bill (H.R. 2890) supra, as follows:

Insert the following language in the appropriate section of the bill:

Sec. 149(a) (89) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 is amended by striking the language therein and inserting in lieu thereof:

"The Secretary is authorized to carry out a project to construct a full-diamond interchange to connect Louisiana Highway 354 to Interstate Route I-10 in East Lafayette, Louisiana."

## D'AMATO (AND LAUTENBERG) AMENDMENT NO. 1095

Mr. D'AMATO (for himself and Mr. LAUTENBERG) proposed an amendment to the bill (H.R. 2890) supra, as follows:

"On page 40, line 4, strike \$419,512,000, and insert in lieu thereof \$424,050,000. And, on page 5, line 13, strike \$1,952,731,000, and insert in lieu thereof \$1,948,193,000."

## D'AMATO AMENDMENT NO. 1096

Mr. D'AMATO proposed an amendment to the bill (H.R. 2890) supra, as follows:

On page 41, between lines 17 and 18, insert the following:

### CONGRESSIONAL AWARD BOARD

#### CONGRESSIONAL AWARD PROGRAM

Notwithstanding any other provision of law, there is appropriated to the Congressional Award Board (established by Public Law 96-114; 2 U.S.C. 801) the sum of \$275,000 to remain available without fiscal year limitation: *Provided*, That notwithstanding any provision of such Public Law 96-114, such sum shall be used by the Congressional Award Board in the same manner and for the same purposes, and subject to the same limitations, as are funds donated to such Board by private individuals.

## FEDERAL CRIMINAL FINES AND SENTENCING ACT

### HEFLIN AMENDMENT NO. 1097

Mr. BYRD (for Mr. HEFLIN) proposed an amendment to the bill (S. 1822) to make certain amendments to the Sentencing Reform Act of 1984 and to improve certain provisions relating to imposition and collection of criminal fines, and for other purposes; as follows:

On page 2, strike out beginning line 5 through line 23 on page 5 and insert in lieu thereof the following:

### SEC. 102. PROSPECTIVE APPLICATION OF SENTENCING REFORM ACT.

(a) Section 235(a)(1) of the Comprehensive Crime Control Act of 1984 is amended by inserting "and shall apply only to offenses committed on or after the effective date of this chapter" after "date of enactment".

(b) Section 235(b)(1) of the Comprehensive Crime Control Act of 1984 is amended by striking out "convicted of an offense or adjudicated to be a juvenile delinquent" and inserting "who committed an offense or an act of juvenile delinquency".

(c) Section 235(b)(3) of the Comprehensive Crime Control Act of 1984 is amended by striking out "that is within the range that applies to the prisoner under the applicable parole guideline" and inserting "pur-

suant to section 4203 of title 18, United States Code" in lieu thereof.

On page 28, line 11, strike out "Attorney General" and insert in lieu thereof "clerk or the person designated under section 604(a)(17) of title 28".

## NOTICES OF HEARINGS

### COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LEAHY. Mr. President, I wish to announce that the Committee on Agriculture, Nutrition, and Forestry will hold joint hearings with the Judiciary Subcommittee on Technology and the Law on the use and regulation of biotechnology in agriculture. They will be held in SR-332 on Wednesday, November 4, 1987, at 10 a.m. and Tuesday, November 10, 1987, at 10 a.m.

The first hearing will describe the science of biotechnology, suggest directions for its development and look at America's ability to compete and retain its leadership in this field. The second will focus on the regulation of biotechnology and our Nation's infrastructure for its research.

For further information, please contact Kathleen Merrigan of the Agriculture Committee staff at 224-5207.

## AUTHORITY FOR COMMITTEES TO MEET

### SUBCOMMITTEE ON COURTS AND ADMINISTRATIVE PRACTICE

Mr. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Courts and Administrative Practice of the Committee on the Judiciary, be authorized to meet during the session of the Senate on October 28, 1987, to hold a hearing on S. 1630, magistrate and bankruptcy judges retirement bill.

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

### COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on October 29, 1987, to hold hearings on the renomination of Francis J. Ivancie, of Oregon, to be a member of the Federal Maritime Commission and the nomination of Francis H. Fay, of Arkansas, and William W. Fox, of Florida, to be members of the Marine Mammal Commission.

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

### COMMITTEE ON FINANCE

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on October 28, 1987, to hold a hearing on welfare reform.

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



SUBCOMMITTEE ON RURAL ECONOMY AND  
FAMILY FARMING

Mr. BYRD. Mr. President, I ask unanimous consent that the Small Business Committee on Rural and Family Farming be authorized to meet during the session of the Senate on Wednesday, October 28, 1987 to examine the effects of airline deregulation on the rural economy.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, October 28, 1987 to hold a hearing on ambassadorial nominations.

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

Mr. BYRD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, October 28, 1987 to hear former Secretary of State Cyrus Vance and former Secretary of Defense Elliot Richardson testify on the United Nations role in the Persian Gulf.

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

ADDITIONAL STATEMENTS

POLISH AMERICAN HERITAGE  
MONTH

● Mr. RIEGLE. Mr. President, earlier this year, the Senate unanimously passed Senate Joint Resolution 135, declaring the month of October 1987 "Polish American Heritage Month." I was proud to join with Senator SIMON in introducing that legislation, in order to pay tribute to the important role Polish Americans have played in the growth of our Nation.

It is appropriate that we should celebrate the contributions of Polish Americans during the month of October, for it is on October 11 each year that we honor one of the great Polish Americans, Casimir Pulaski. On that date in 1779, Pulaski died from wounds he suffered after leading a cavalry charge in the battle at Savannah, GA. Known as the "Father of the American Cavalry," Pulaski sacrificed his life in the fight for American independence. Another famous Polish American, Thaddeus Kosciuszko, distinguished himself as a Revolutionary War hero by helping to strengthen the fortifications at Saratoga.

These are just two individuals in a long line of outstanding Polish Americans. Today, the 8 million citizens who are part of that community, more than 800,000 of whom reside in my own State of Michigan, are living symbols of the commitment to freedom and liberty which Pulaski and Kosciuszko represented.

Members of the Polish American community, both as individuals and working as a group, have made impressive strides forward in our society. Today we find Polish Americans in important leadership positions in nearly every area of our national life, providing thoughtful direction on key national decisions.

Recently, the Polish American community honored one of its outstanding members, Aloysius Mazewski. The effectiveness of the Polish American community today is due in large part to Al Mazewski's able leadership as President of both the Polish American Congress and the Polish National Alliance. In that capacity, he has made the Polish American community a key player on our national political scene and has done much to promote the cause of freedom in the homeland.

As the community has kept pace with the changing needs and concerns of its members in today's society, it has taken greater care to safeguard the cherished Polish traditions and culture that have become an important part of our own Nation's history. As President Johnson stated on the occasion of the Polish millennium celebration in 1966, "Our national heritage is rich with the gifts of the Polish people."

The deep feelings which bind Polish Americans to the homeland have found expression in their tireless advocacy of freedom, self-determination and human rights in Poland. With the important assistance of the Polish American community, the Congress this year approved legislation to bring badly needed aid to the Polish people and to Solidarity. Due in large part to the efforts of the community, Americans today are keenly aware of the important role which Western support for the cause of self-determination in Poland can have in strengthening the hand of Solidarity and its supporters.

Mr. President, as we celebrate this "Polish American Heritage Month," we acknowledge with deep appreciation the many contributions of the Polish American community to this country. And, with them, we reaffirm our Nation's commitment to stand with the people of Poland in their struggle for freedom until it is won.●

TWO OUTSTANDING FLYING  
TEAMS

● Mr. GARN. Mr. President, I would like to offer my congratulations to two outstanding flying teams from Hill Air Force Base, UT.

The 388th Tactical Fighter Wing and the 419th Tactical Fighter Wing, Air Force Reserve, took first and second place, respectively, in the Gunsmoke '87 Competition. Both teams fly F-16 aircraft. The Gunsmoke competition is a worldwide Air Force air-to-ground gunnery event, which pits the country's top fighter pilots against one another. Every other year the Air Force conducts this

competition to determine the "best of the best" of all fighter pilots. The competition also allows for pilots to learn new flying techniques and strategies from other top pilots in the Air Force.

The five-member team of the 388th Tactical Fighter Wing from Hill Air Force Base, defeated the defending champion, the 419th Tactical Fighter Wing, also from Hill Air Force Base, to capture the overall top honors. The 419th Tactical Fighter Wing took second place in the competition.

Members of the first place 388th Tactical Fighter Wing include, team leader Lt. Col. Robert Jones, and Capt. Tom Wingo, Joseph Hedrick, Eric Best, and Michael Brill. Members of the second place 419th Tactical Fighter Wing are, team leader Lt. Col. Tom King, and Maj. Wayne Conroy, Danny Hamilton, Kent Clark, and John Barnett.

The competition was held at Nellis Air Force Base, NV, on October 4-17, and included 90 pilots representing 18 units from all over the world. These wings were selected for the competition after demonstrating superior flying skills in local competitions. Hill Air Force Base was the only Air Force base represented by two units in Gunsmoke '87. The competition included pilots and crews from active Air Force units, Air National Guard, and Air Force Reserve.

Gunsmoke '87 featured pilots flying a variety of aircraft, including F-16's, F-4's, A-10's, and A-7's, in an exercise to demonstrate basic bomb delivery, tactical bomb delivery navigation/attack, and aircraft maintenance.

Top individual honors went to Maj. Danny Hamilton, of the 419th Tactical Fighter Wing, who was named overall top gun in the U.S. Air Force. Six of the top 10 pilots came from the 388th and the 419th Tactical Fighter Wings. Other honors went to Capt. Tom Wingo, of the 388th Wing, for top gun in the 30-degree dive bomb competition. The 388th Tactical Fighter Wing was also named the best F-16 load team. The 419th Tactical Fighter Wing crew took first place in F-16 maintenance and had the only perfect score in the static load event.

The Gunsmoke Competition, regarded as the Super Bowl for American fighter pilots, originated after World War II. There was a 19-year hiatus caused by the outbreak of war in 1962, and the competition was resumed in 1981.

Preceding the 388th Wing's victory in Gunsmoke '87 were the Colorado Air National Guard flying the A-7 in 1981, the 50th Tactical Fighter Wing of Hahn Air Base, Germany, flying the F-16 in 1983, and the 419th Tactical Fighter Wing, Air Force Reserve, Hill Air Force Base, UT, flying the F-16 in 1985.

I am proud to have both of these tactical fighter teams in Utah. I am sure my colleagues join me in com-



mending Col. Lawrence E. Boese, wing commander of the 388th Tactical Fighter Wing, and Col. Forrest S. Winbargar, wing commander of the 419th Tactical Fighter Wing, and their premier pilots and crews, for their excellent performance and contribution to the security of the United States. ●

#### BHOPAL: HOPE FOR A SETTLEMENT

● Mr. DODD. Mr. President, we all share a fundamental humanitarian concern to see that prompt relief is provided to the victims of disasters. And there is a certain sadness we all feel when contemplating the prospects of expensive litigation over many years following such a tragedy, diverting resources away from the victims and to the legal process. That's why we so often welcome the resolution of such complex litigation through the process of negotiation and settlement.

I bring this up in light of recent positive developments in Bhopal, India on possibly resolving the litigation there regarding the 1984 tragedy. Bhopal District Court Judge M.W. Deo has urged the Government of India and Union Carbide to reach a settlement to compensate the victims and conclude the litigation. In my view this is a positive development, and a view that I hope the parties involved share.

The fact that Judge Deo has encouraged the settlement approach suggests a real opportunity for a prompt, fair and just settlement of this international tragedy of interest to us all. Let us all hope that he is successful in his efforts.

In the September 15, 1987, Wall Street Journal, there is an article entitled, "Union Carbide, India are Urged to Settle by October 30," which affirms that a sense of cooperation is developing between the Government of India and Union Carbide to achieve a just and reasonable settlement of this most unfortunate case. Mr. President, I ask that this article be printed in the RECORD.

The article follows:

[From the Wall Street Journal, Sept. 15, 1987]

#### UNION CARBIDE, INDIA ARE URGED TO SETTLE BY OCTOBER 30

(By Elliott D. Lee)

The judge in the Bhopal poison-gas case urged Union Carbide Corp. and the Indian government to reach an out-of-court settlement by Oct. 30 to pay victims of the December 1984 disaster.

In Bhopal, India, District Court Judge M.W. Deo said he made the request because both parties indicated they want to settle. Oct. 30 is the next scheduled court hearing for the case.

In Danbury, Conn., Union Carbide said lawyers for both sides told the judge they are "earnestly seeking a compromise that they hope will lead to a just and reasonable settlement of the Bhopal case." A spokesman declined further comment on any settlement negotiations.

Bruce Finzen, a Minneapolis lawyer representing Indian government interests in the

Bhopal case, said, "The government's position remains the same: a fair and reasonable settlement on behalf of each and every victim." Mr. Finzen declined to comment on any settlement figure. The New Delhi government is seeking some \$3 billion in damages from Union Carbide.

As previously reported, most legal and financial observers speculate that the case is likely to be settled in the range of \$400 million to \$600 million.

The case was filed after a gas leak at a Union Carbide pesticide plant in Bhopal killed at least 2,500 people and injured tens of thousands more.

Last month, Union Carbide offered to contribute about \$4.6 million in interim aid to the gas victims, in response to a earlier request for interim victim assistance from Judge Deo.

About \$1.6 million of that amount represents the proceeds from dividends the company has earned on its Indian subsidiary's stock since the incident. The chemical company also said last month it was prepared to authorize the American Red Cross to send about \$3 million to the court. Union Carbide paid the funds to the relief agency in December 1985.

Mr. Finzen said the Indian government hasn't yet formally responded to Union Carbide's interim-aid offer. But he said that at the time it was made, the government said it didn't think it was sufficient. ●

#### INFORMED CONSENT: VERMONT

● Mr. HUMPHREY. Mr. President, something must be done to ensure that women considering abortion receive complete and accurate information. In clinics across this Nation, women are making decisions on abortion without getting the information they deserve. Facts about risks, effects, and alternatives are amply provided for virtually every medical procedure, but in the case of abortion, such information is often sorely lacking.

I have received hundreds of letters from women in every State detailing the lack of informed consent regarding abortion, and today I present such a letter from Mary Pat Brooks of Vermont. As the letter clearly shows, the counselling that Mrs. Brooks received prior to her abortion did not include sufficient information to meet the level standards of informed consent, and indeed seems intended strictly to steer her toward an abortion.

Mr. President, this discrepancy in medical treatment should not be allowed to continue, and I therefore urge my colleagues to support my informed consent legislation, S. 272 and S. 273. The bills would raise the standard of information for abortion up to the level of other medical operations.

I ask that the letter from Vermont be inserted into the RECORD.

The letter follows:

BRATTLEBORO, VT.

June 23, 1986.

DEAR SENATOR HUMPHREY, My husband and I never talked about whether or not we wanted children before we married. When we had been married less than a year, we were up to our necks in debt, me with school loans, and he with whatever he had accumulated over a few years. We were both work-

ing full-time jobs, but there just was barely enough to cover our monthly expenses.

This is when my birth control failed and I became pregnant. I wanted to protect that baby as every mother does when she becomes pregnant. When I shared my not so good news with my husband, he panicked. He said he had had to leave other children because of a broken marriage, had just been off alcohol for a short time, was trying to get out of debt and the pregnancy was more than he could cope with. He was panic stricken at the thought of having a child right then.

Not knowing where to turn, I went to Planned Parenthood to seek advice from a counselor there. She told me that I was young and could certainly have more kids, and that we needed time to get on our feet. She also reminded me that I needed to make the decision fast because pretty soon this "blob of tissue" would be forming into a baby and abortion was only legal up to 12 weeks (at that time). Then she handed me an appointment card with the time and place for the following week. My mind raced about what was the "right" decision for me to make. I wanted the baby, but I wanted my husband and I honestly thought those were my choices. . . . I chose my husband.

Reluctantly we found our way to the abortion clinic. I remember the faces of the women in that waiting room as if it were yesterday. I honestly don't remember too much about the procedure itself. I do recall it was painful, but it was not as painful as what I was feeling emotionally. I figured I deserved whatever physical pain I was receiving and today don't remember much about it.

I wish that I had never been in that place in my life where I had the abortion. The past, however, cannot be changed, but someone's future may be by speaking up. I know our testimonies will change hearts and I pray that people's hearts will be softened and their minds open to receive what we have to share.

Sincerely,

MARY PAT BROOKS. ●

#### THE ASSASSINATION OF HERBERT ANAYA

● Mr. LEAHY. Mr. President, 3 months ago, Amnesty International wrote to Salvadoran President Duarte to express concern about threats by Salvadoran police against Herbert Anaya, president of the private Human Rights Commission in El Salvador. Yesterday, the Washington Post reported that Mr. Anaya was shot and killed on Monday.

Human rights groups that have monitored the political violence that has plagued El Salvador in recent years, say that of the 61,000 people killed in the civil war, 40,000 were murdered by right-wing death squads. Although murders attributed to death squads have declined dramatically since the early 1980's, Mr. Anaya is the second Human Rights Commission president to be killed. Three other commission members have disappeared and are presumed dead.

It is not yet known who was responsible for this outrageous act. But one thing is beyond dispute—it could not have come at a worse time. It could sabotage the Central American peace negotiations. What hope there was for



a peaceful resolution of the war in El Salvador may have been gunned down with Herbert Anaya.

I join Amnesty International in calling for a full investigation by the Salvadoran Government. However, given that government's abominable record of failing to prosecute members of the security forces for past human rights abuses, I do not have much hope that its investigation will be either objective or complete.

In support of its requests for aid to El Salvador, the Reagan administration has pointed to continued progress in human rights observance by the Salvadoran Government. The administration should insist on a full and independent investigation of Mr. Anaya's assassination. Given their past links to death squads, suspicion will fall on the Salvadoran security forces. Those security forces, which depend on U.S. assistance, must be shown to have had no hand in this terrible crime. Herbert Anaya's killers should not be rewarded with more U.S. dollars taken from the American taxpayers' pockets.

As a strong opponent of this administration's policy of confrontation in Central America, I welcomed the peace negotiations. Herbert Anaya's tragic death is a painful reminder of how fragile this process is, and how much harder we will all have to work to keep it going. ●

#### WAYS AND MEANS RECONCILIATION BILL PROVISIONS AFFECTING CORPORATE MERGERS AND ACQUISITIONS

● Mr. MOYNIHAN. Mr. President, during the last week I have heard it stated that the precipitous decline in stock prices was due in part to recent congressional actions—in particular, tax provisions affecting corporate mergers and acquisitions contained in the House Ways and Means Committee's reconciliation bill.

While clearly the causes of last week's stock market "crash" go far beyond anything in a modest \$12 billion revenue-raising package, I would like, nevertheless, to speak to some of the concerns that have been raised.

There are three provisions in the Ways and Means bill that are considered by many to have been the most disruptive to our capital markets. Taken together, these proposals are estimated to raise just over \$400 million in the 1988 fiscal year. I believe these proposals are ill-advised. The Senate Finance Committee rightfully decided not to include them in its reconciliation package.

One provision would deny the deduction for any interest in excess of \$5 million per year on debt incurred for the purposes of acquiring or redeeming a majority of the stock of a corporation. It is estimated that this provision would raise \$400 million in fiscal year 1988.

Under the proposal, all large corporate acquisitions—friendly, negotiated or hostile—would be denied the deduction for the lion's share of interest on the associated debt.

The second provision would deny all interest deductions on debt incurred to acquire stock of a corporation if 20 percent or more of the stock was acquired in a "hostile" purchase.

A third provision, also concerned with hostile acquisitions of stock, would cause a capital gains tax to be triggered if a purchaser acquired 80 percent or more of the stock of a corporation in a hostile purchase. The two provisions covering hostile acquisitions would together raise no more than \$7 million in fiscal year 1988.

The limitations on interest deductions for debt used in a corporate acquisition—though seemingly designed to stem the tide of debt-financed acquisitions of American corporations—would instead close off corporate acquisitions by domestic interests—leaving the field free for foreign purchasers who would still be able to deduct interest against their home country's taxes.

They also won't raise any revenue. When you remove the interest deduction for domestic taxpayers, you simply insure that they won't enter into the transactions.

The provisions aimed at reducing hostile corporate takeovers also won't raise any revenue—because the transactions just won't go forward. But they represent questionable tax policy. We should not be addressing fundamental questions of Federal policy on hostile corporate takeovers as part of a revenue-raising measure in the tax-writing committees.

I made these points last week in a Cable News Network broadcast devoted to the developments in the stock market. At that time, I sought to assure a troubled market that these provisions would not become law—that I would, at least, work to prevent it and knew that the Finance Committee had already rejected all three proposals.

I urge my colleagues in the Senate to join me in opposition to these provisions. ●

● Mr. SIMON. Mr. President, yesterday was Ben Charny's 50th birthday. People celebrate 50th birthdays every day, so why was Ben's so special? Because Ben Charny, a refusenik, was remembered by people in the United States. Yesterday, the only thing separating Ben from freedom and happiness was distance. Senator TIM WIRTH, along with Ben's daughter, Ana; her husband, Yuri; and their daughter, Sima; bridged the gap of distance by making a phone call to Ben.

In Moscow, Ben celebrated his birthday with his good friend, Naum Meiman. Ben Charny became friendly with Naum Meiman during their involvement with the Helsinki Watch Group some years ago. In addition, Ben shared the pains of cancer with

Naum's wife, Inna, before her death earlier this year. A month ago Ben's daughter arrived in the United States without her father. Ben was refused permission to leave. He is one of the many refuseniks being forced to live out the remaining years of his life in pain without adequate medical attention.

We must continue to do all we can so that refuseniks are allowed to leave the Soviet Union and live their lives in the manner that they desire. I hope that Ben's 51st birthday is an even more special day. We must all work to see that Ben Charny, Naum Meiman, and both their families celebrate their remaining days in freedom in the United States. ●

#### THE DEFICIT CRISIS

● Mr. DECONCINI. Mr. President, I applaud the efforts of the White House and congressional negotiators to seriously address the deficit crisis. Unfortunately, it has taken the events on Wall Street of the last 2 weeks to awaken us to the horror we are confronting. We cannot continue to borrow on our children's future. Finally the markets have said "enough," and if we want to prevent severe economic dislocation, we must act swiftly. The President and the Congress are pursuing this in the appropriate manner—putting everything on the table. I look forward to seeing positive results from these negotiations. My own hope is that we can cut the deficit by more than the \$23 billion required by Gramm-Rudman. We cannot ignore the fact that once we balance the budget, we still have an enormous debt, largely accumulated in the last 6 years, which we must pay off.

I am pleased that the President has agreed to put everything on the table. It is clear that any bipartisan solution agreed to by Congress and the White House will include some revenues. But those revenues should not be raised by changing personal income tax rates established in last year's Tax Reform Act.

During debate last night on the catastrophic health bill, I opposed the effort to table Senator HELMS' amendment expressing the sense of the Senate that there should be no increase in income tax rates. Senator HELMS is right. We should not be changing the rate structure agreed to last year. While I voted against final passage of the conference report of the Tax Reform Act, I believe that we would be breaking our commitment to the American taxpayer if we were to alter the agreed-upon rate structure. In no way does this prohibit, however, from pursuing the multitude of loopholes, shelters, and schemes that still exist in the Tax Code. In 1984 and 1985, President Reagan and the Treasury Department proposed a whole series of such improvements, many of which have yet to be enacted. These,



along with the proposals reported by Senate Finance and House Ways and Means, deserve serious consideration in our efforts to reduce the deficit.

I look forward to reviewing the work of the White House and congressional deficit negotiators. I will oppose efforts to solve the deficit problems by raising income tax rates for Americans, but this does not mean that we cannot find added revenue in addition to substantial spending cuts.●

#### LEGISLATION TO EXTEND THE FEDERAL HOUSING ADMINISTRATION INSURING AUTHORITY

● Mr. D'AMATO. Mr. President, as ranking member of the Senate Housing Subcommittee, I rise today to join with the chairman of the subcommittee, Senator CRANSTON, in support of legislation to extend the insuring authority of the Federal Housing Authority [FHA] of the U.S. Department of Housing and Urban Development. Under this legislation, the FHA mortgage insurance authority would be extended until November 15, 1987. Currently, under Public Law 99-430, the FHA authority to insure home mortgages expires on November 1, 1987.

Both the House and the Senate have passed housing reauthorization bills including provisions for the continuation of this insuring authority. A House and Senate conference committee, of which Senator CRANSTON and I are members, is close to completing a final housing bill. Unfortunately, a couple remaining unreconciled provisions may take us passed the November 1 deadline for the authorization of FHA mortgage insurance. Therefore, Senator CRANSTON and I are sponsoring legislation today that would allow the FHA to continue, without interruption, its operating authority for the numerous mortgage insurance programs through November 15, 1987. This will give the conferees enough time to work out our differences without a threat of an FHA shut down.

As you know, Mr. President, last year the FHA insuring authority became a pawn in a larger battle between the House and Senate over a controversial reauthorization bill of all Federal housing programs. The Congress passed seven short-term extensions. However, during the course of congressional deliberations, the insuring authority was allowed to expire a shocking six times. FHA shut down its operation a total of 51 days. This caused confusion and frustration among many prospective home buyers. It threatened the housing plans of many low-, moderate-, and middle-income Americans. Furthermore, it destabilized the mortgage and housing financing system in our Nation.

This FHA extender will prevent the insuring authority from expiring on November 1, 1987, while the 1987 housing bill is in conference. The FHA will continue to run smoothly through

November 15, 1987, avoiding undue hardship to home buyers, mortgage lenders, home builders, and the many individuals involved in our Nation's housing industry and financing system.

Mr. President, FHA is one of the most successful partnerships ever created between the public and private sectors. During its illustrious 53-year history, FHA has assisted more than 15 million American families realize the dream of homeownership. Let us preserve the integrity of this vital Federal agency. I urge my colleagues to join us and to support this legislation.●

#### INAUGURATION OF REV. EDWARD MALLOY AS PRESIDENT OF THE UNIVERSITY OF NOTRE DAME

● Mr. QUAYLE. Mr. President, today it is my pleasure to call my colleagues' attention to the beginning of a new era at the University of Notre Dame. On September 23, 1987, Father Edward A. Malloy, C.S.C., was inaugurated as the university's 16th president.

Father Malloy inherits the stewardship of an institution with a proud tradition of excellence that goes back 145 years. From its humble beginnings, the University of Notre Dame has grown into a major education and research center which offers degrees in 29 departments and institutes to a nationally diverse and exceptionally talented student body. Today, Notre Dame has an enrollment of 9,700 students, who are taught by almost 1,000 faculty members.

Beyond these mere figures, Notre Dame represents a community of alumni throughout the country and the world who share the common experience of attending an institution where the freedom of expression is carefully safeguarded in order to create every opportunity for original thinking and discussion.

Father Malloy was born in Washington, DC, and received his undergraduate and master's degrees in English from Notre Dame and went on to earn a master's degree in theology, as well as his doctoral degree in Christian ethics, before returning to teach at Notre Dame as a member of the department of theology. He has authored two books and numerous articles and reviews on a wide variety of topics from health care to economic ethics to substance abuse. He presently serves the community in a number of private and public organizations and until his election as president in November 1986 he was associate provost of Notre Dame.

I would like to congratulate Father Malloy on the occasion of his inauguration as president of the University of Notre Dame and wish him every success in his first term of office. With his background and experience, Father Malloy is an excellent choice

to succeed Father Hesburgh as a president who will continue to set the tone for the high standards in academics, athletics, and community service for which Notre Dame is justly famous.

I ask that the text of Father Malloy's inaugural speech be printed in the RECORD.

The speech follows:

INAUGURAL ADDRESS BY REV. EDWARD A. MALLOY, C.S.C.

Ladies and gentlemen; members of my three families—the Malloys, the Congregation of Holy Cross, and the broad Notre Dame family; distinguished guests from the Church and the academy; friends. Welcome to Notre Dame on this joyous occasion. Institutionally and personally it is a time of passage and transition, a wonderful opportunity to celebrate our life together. I invite you to pause with me in the midst of these engaging festivities to ponder and to dream awhile about the challenges and opportunities that lie ahead.

I would like to begin these reflections with a word of tribute and praise for two extraordinary priests—Father Theodore M. Hesburgh, C.S.C. and Father Edmund P. Joyce, C.S.C. Ted Hesburgh served the University for thirty-five years as its President and chief visionary. He led us through an unprecedented era of academic and physical growth while also functioning as a moral guide for the nation and the world. Over that same span of time Ned Joyce was the indispensable person behind the scenes who husbanded the available resources, kept the institution fiscally sound, and even found time to attend a game or two. Both of these men have been a great source of support for me in recent years and I am pleased that they will continue at the University with a new set of responsibilities.

It seemed appropriate some ten months ago after my election as President to solicit from you the members of the Notre Dame community your appraisal of the strengths and weaknesses of the University at this moment in its history. In departmental and College-wide meetings, in open fora in the dormitories, in administrative sessions at all levels, through letters, reports and on-site visits, you have generously shared your hopes and concerns, your suggestions and criticisms with me and the other members of the central administration. On the basis of this cumulative evidence, as well as my own experience of the place and its people, I offer the following sketch of Notre Dame as we approach the 1990's.

These reflections will be divided into two major parts. First, at the level of institutional self-definition and identity I will make five central claims. Then, secondly I will turn to immediate needs and priorities of the institution. I hope thereby to provide both a general, philosophical perspective and a clear description of what yet remains to be achieved.

#### I. INSTITUTIONAL SELF-DEFINITION AND IDENTITY—FIVE PROPOSALS

Let me begin then with five proposals with regard to Notre Dame's self-understanding and identity—

(1) Notre Dame is a university. It is essentially a center for scholarship and learning.—As a university Notre Dame is an academic institution where the humanities, science and technology, the fine arts, business, the social sciences and law can all be pursued with reason and passionate intensity. There is an intrinsic worth to this task which both teachers and students can find self-validating and personally rewarding. Indeed, a university is a bold reminder that



the human spirit of curiosity and wonder is irrepressible. In the laboratory, on stage, at the computer terminal, amidst a shelf full of books, wherever learners gather, a university sparkles and generates an energy that can captivate and enthrall. Clearly, its work touches the core of human meaning and purpose.

In addition to the intrinsic value of the efforts of professors and students alike, a university also serves the broader society of which it is a part. It requires high levels of expenditure and sufficient freedom to concentrate on its primary mission. At any given moment it is subject to legislation, litigation and external pressures from many sources. Surely a university cannot function well unless it musters the support, philosophical and financial, of the constituencies that have called it into being. Today this entails accreditation and periodic review, the establishment and funding of endowments, and the structuring of the collective effort for maximum effectiveness.

At Notre Dame, and throughout higher education, one of the great challenges is to find the proper balance between the demands of teaching and the demands of research. Teaching and research are indissolubly linked together in a university setting. Yet each institution charts its own course and fosters a climate which may give priority to one or the other.

Teaching is best seen as a highly personal interaction between professor and students. It is not acceptable at Notre Dame to engage in it in a perfunctory or indifferent fashion. Our students deserve a total commitment of their mentors to providing a lively and stimulating educational environment. In the full sense of the term, teaching is a "vocation," a "calling." It is a privilege to be entrusted by society with responsibility for the intellectual, esthetic and moral growth of the next generation.

Research, on the other hand, is a rather solitary and unpredictable pursuit. It increasingly requires sophisticated instrumentation, high quality libraries and computing facilities, and external support for both researchers and graduate students. It is necessarily expensive and ever pressed by new problems and unpredictable lines of exploration. It is in this area of its academic life that Notre Dame has made the greatest strides in the last two decades under the leadership of Provosts James Burchaell, C.S.C., and Timothy O'Meara. There is no turning back. We must enthusiastically embrace our potential as a major research institution and we must define those areas of scholarly pursuit where we at Notre Dame are especially well suited to make a lasting contribution. In a number of instances, it will be through our institutes and Centers that our research excellence will be most visible to the broader academic community.

As a university, teaching and research both count at Notre Dame. Our standards are high but so are the rewards.

(2) Notre Dame is a "Catholic" university. Its distinctiveness as a religious institution is its greatest strength.—In 1967 when the University moved from ownership by the Indiana Province of the Congregation of Holy Cross to a Lay Board of Control, it was specified in the Statutes of the University that "the essential character of the University as a Catholic Institution of higher learning shall at all times be maintained, it being the stated intention and desire of the present Fellows of the University that the University shall retain in perpetuity its identity as such an institution (V.e)." At that same time special encouragement was provided for a continuing and critical role for the members of the Congregation of Holy Cross

in the intellectual, pastoral and administrative functions of the University.

In an earlier era the Catholicity of Notre Dame could simply be presumed. It seemed guaranteed by its ownership by a religious community, by the force of its history, and by the overwhelmingly Catholic background of its students and staff. However, new circumstances have arisen and to some the rationale for Notre Dame's religious distinctiveness is not readily apparent.

In the face of these misgivings I want to assert with deep conviction that the Catholicity of Notre Dame is both a gift and a responsibility. To me there is nothing inherently incompatible between academic excellence and the life of faithful discipleship. The Church of Thomas Aquinas and Bonaventure, of Theresa of Avila and John of the Cross, of Dante, Michelangelo, Gerard Manley Hopkins, Flannery O'Connor and Walker Percy, can surely boast that it is at home with the things of the mind and the heart.

Notre Dame will continue self-consciously and proudly to proclaim itself to be a Catholic university. In one sense, this distinguishes it from secular and non-denominational colleges and universities with different missions. More pointedly, the Catholic identity builds on the historical connection to the Roman Catholic Church and its cultivation of the great transcendental values of truth, beauty, and goodness. It presupposes that a life given over to learning and scholarship can be a valid route to God.

In another sense, Notre Dame's Catholic character is a call to be a community, a kind of external family where individuals from all backgrounds and of every faith can both feel at home and be prized for the special contribution that they make. It is a call to cultivate a spirit of honest and open exchange, always in a valuing context.

Notre Dame rightly continues to maintain a core curriculum, including required courses in philosophy and theology. It provides numerous opportunities for worship, prayerful reflection and social service. Furthermore, it makes special demands on its students and those responsible for their education. This includes a proper sense of responsibility for one's conduct and for those matters which affect the common good. In all of these ways it tries to attend to the whole person—intellectual, moral and spiritual.

Notre Dame is a Catholic university. It preserves the heritage of Father Edward Sorin, C.S.C. its founder, with confidence and trust.

(3) Notre Dame is a community. It must therefore attend with care and compassion to the well-being of all its constituents.—There has always been a special feel about this place called Notre Dame. Much of its sense of community is forged initially in the residential life of the students. In fact each dorm has its unique traditions and characteristic spirit.

The mystique of Notre Dame, its pervasive spirit of togetherness, is an intangible reality. At its best, it takes the form of a priority for persons, a concern for the inner world of colleagues and companions. It is the breeding ground of life-long friendships and uncommon loyalty to the institution as a source of continuing nurturance. It is manifest most tangibly in times of celebration or crisis, the turning points of life. The creation of community at Notre Dame is a family-like thing, the wish that there be no strangers here.

Yet, like all families, we also suffer our misunderstandings and disputes. At times, we neglect the needful in our midst, we stereotype minorities, and we treat with disdain those flauntingly different. We regret-

fully allow gender or race or status and rank to fracture our commonality and drive us apart. In recognition of this inconstancy and harm, we ever need to acknowledge our failure and move to reform our common life.

Notre Dame is and must be a community. For only thus can it be true to its call.

(4) Notre Dame has a mission of service to society and the Church. This mission is primarily intellectual and academic, but it builds upon concrete experience and overflows from theory into committed practice.—There are presently 235 colleges and universities in the system of Catholic higher education in the United States. This is an impressive reservoir of talent, energy and research capacity. Among these institutions, Notre Dame has, I think, its own special role to play in the collective outreach to society and the Church.

Society has a right to expect from us a continual stream of thoughtful and well-trained men and women who can exercise leadership in the workplace, in the social world, and in all of those private and public organizations and agencies that promote the common good. These graduates should be literate and cultured, appreciative of the humane uses as well as the limits of science and technology, able to criticize the status quo yet knowledgeable of history and the proper function of law. As the quality of research and scholarship at Notre Dame progressively improves, we stand as a great resource for society much the same as other major universities, private and public.

In a related way, the Church should find in us a conducive environment to do its thinking. What better place to explore the mysteries of the life of faith, to preserve and interpret the testimony of Scripture and theological tradition, and to ponder the power of prayer and sacrament? We have among us exegetes and ethicists, liturgists and Church historians. There is also the ongoing witness of adult practicing Christians, married and single, grappling to make sense of sin and forgiveness, to practice in daily terms the virtuous triad of faith, hope and love, and to be responsible citizens in a complex, stressful world.

As has always been the case, the best theory is forged in the crucible of experience. Thus, we at Notre Dame have structured opportunities for concrete involvement in the social, political and ecclesial orders. Through internships and summer study, through foreign study centers, and through the umbrella of organizations affiliated with the Center for Social Concerns, we provoke the awareness of faculty and students alike. The mission of service begins in the activity of some among us. But their experience of the plaintive cry of the poor and disheartened returns to the classroom and research project to seek a better and more just way.

In the commitment to justice and peace, in efforts at spiritual and moral renewal, Notre Dame has a mission to society and the Church.

(5) Notre Dame is an open forum where diverse viewpoints can be freely and critically discussed. A unique opportunity presently exists to focus on the moral and ethical dimension of contemporary life.—The American system of constitutional government provides protection for certain freedoms deemed essential for the well-being of its citizens. Among these protected rights are freedom of speech and freedom of religious practice. In the sphere of higher education a deeply rooted tradition has developed of academic freedom with its correlative system of tenure for faculty.

At Notre Dame the "Academic Articles" of The Faculty Handbook specify explicitly



that freedom of inquiry and freedom of expression are to be safeguarded. Each category of participant in the University community has both rights and obligations under this formulation. The freedom to teach and to learn, to publish and to speak, are essential components of this notion of academic freedom.

There are some risks associated with both academic freedom and faculty tenure. They can be the pretext for demagoguery, ideological carping or a lack of accountability for ongoing preparation and performance. Particularly in a religiously-affiliated institution, there can be fear that the authentic teaching of the Church will be misrepresented or subject to unsympathetic critique.

Yet it is crucial to remind all observers of this unique system of higher education in America that the life of learning and scholarship have flourished here. This includes Catholic colleges and universities which have found that a plurality of perspectives and methodologies enriches the search for more adequate ways of articulating the truth about the natural order, the human condition or the divinity. Conflict, controversy and bracing debate are often the precondition for resolution of the more harrowing and perplexing issues of the day.

Notre Dame's institutional commitment to the principle of academic freedom situates us well to focus on the moral (descriptive) and the ethical (prescriptive) dimensions of contemporary life. Here we can explicitly make reference to the central values of the Judeo-Christian tradition—respect for life in all its forms, compassion for the neighbor in need, peacemaking, and the inviolability of marriage and family life. But we can do more than simply exhort. We can also explore the full meaning of ethical notions like personal integrity and corporate responsibility. Together we can amicably disagree about nuclear deterrence and test tube babies, economic justice and global pollution. Because we believe that the truth will prevail in a context of honest debate and good-willed searching, we can avoid forming into hostile camps or settling into the quicksand of utter moral relativism.

Notre Dame must remain an open forum where diverse viewpoints can be freely and critically discussed.

## II. INSTITUTIONAL NEEDS AND PRIORITIES

I have given five proposals with regard to institutional self-definition and identity. I realize that my comments have been rather general and philosophical. In a briefer compass now I would like to convey a sense of specific institutional needs and priorities.

(1) *Structure*—The University has been well served by its Lay Board of Trustees and by its Alumni Board and various Advisory Councils. The Academic Council and the Faculty Senate, as well as Student Government, are further vehicles for involvement of a wide cross-section of the University community in consultation and policy formulation. We in the new administration hope to elicit even greater levels of participation through these respective structures. We will make every effort to sustain regular communication and to know people by name. There are certain prerogatives in decision-making which statutorily belong to the officers of the University. This rightful division of function should never be an excuse for an imperious style of administration. Notre Dame has been blessed through the years by a spirit of cordiality among faculty, students, staff and administration. We will do all we can to see that this desirable state of cooperation continues.

(2) *Student Life*—Notre Dame has twenty-four dormitories and other housing for married students adjacent to the

campus. For a variety of reasons, there is a real need for additional housing on campus for both undergraduate and graduate students. During the course of this academic year, a special Task Force will report back on issues related to residentiality at Notre Dame—the living facilities, the role of hall staffs, standards of conduct for students, the quality of support service for students, and the relationship between residential life and the academic mission of the University. In a related matter another Task Force will make recommendations with regard to the use and abuse of alcohol.

I personally live in a student dormitory as do a number of other major administrators. Our students are the lifeblood of the institution. I hope that this physical and pastoral presence signals the high priority that we will give to the recommendations of these Task Forces.

(3) *Minorities*—We face a severe crisis in this nation with regard to racial and ethnic minority access to, and participation, in higher education. This applies not only to students but also to faculty, staff and administration representation. Nothing but a united effort by educational, business and government leaders will ameliorate the situation. It will require a costly and emotionally wrenching change of accustomed attitudes and modes of procedure. Justice demands that we act decisively and with real conviction.

The administration is presently discussing the twelve recommendations contained in the recently issued Report of the Notre Dame Committee on Minority Students. I assure you that we will give highest priority to this matter.

(4) *Women*—In the course of the last fifteen years, Notre Dame, a formerly all-male institution, has made a remarkably smooth transition to a fully co-educational environment. This change has brought a needed richness and diversity to the University. Over the next four years we will expand the percentage of female students in the undergraduate population. We are also working hard to recruit female faculty members in all disciplines and to promote women to positions of administrative responsibility.

But there is a related matter that we must also examine. It has to do with our understanding of gender and the roles and functions that our male and female students project for themselves after graduation. In order to help us come to grips with the sweeping societal changes already underway, including the support structures available within the University, a Task Force on Marriage, Family and Other Life Commitments will issue a Report by March of this academic year. This will be a great opportunity for all of us to think through one of the most fundamental issues facing society and the Church.

(5) *Athletics*—Notre Dame has a proud heritage and long-established tradition of participation in inter-collegiate athletics. Today, however, we face a new world with its own set of challenges and opportunities. On September 8, 1987 I issued a Statement on Intercollegiate Athletics at a meeting of coaches, athletic and academic administrators, and student affairs personnel. The paper itself covers: our academic standards and expectations, the standards of conduct for student athletes, and the role of the coaching staffs and athletic administrators.

Let me quote from the concluding lines of the Statement, "In sum, as an institution, we will pursue a standard of achievement in athletics consistent with our overall purposes as a University. We will attempt to excel in every form of intercollegiate athletics, but not at the price of distorting our primary role as educators and moral guides. If

we discover instances of misjudgment or abuse, we will strive speedily to rectify the situation.

"We remain confident that Notre Dame and other institutions with similar values and goals can lead the way and shape a worthy standard for the special enterprise of intercollegiate athletics."

(6) *The Strategic Moment Campaign*—On the dramatic closed circuit telecast last May, which included Father Ted Hesburgh's farewell address as University President, the formal announcement was made of the Strategic Moment Campaign and its goal of three-hundred million dollars. The Campaign targets include: as the number one priority, endowment for the student financial aid; also chaired professorships; construction and renovation of facilities; and support for our institutes and Centers. Each of these goals is critical for the future well-being of the University. But a special word needs to be said for two less glamorous but absolutely essential goals: the major upgrading of our computer facilities and increased support for University Libraries. All of us in the administration are gratified by the success of the Campaign so far. We pledge to you that we will be relentless in our efforts to gain the desired levels of financial support.

## III. CONCLUSION

There are many other needs and priorities of which I could speak. These include: a major push in the Fine Arts; an expansion of the international and intercultural dimension of our education; the role of Campus Ministry; the place of continuing education; support for Notre Dame Press and our various publications. But these will have to wait for another day.

I have spent much of my adult life at Notre Dame. As a priest of Holy Cross I have enjoyed my previous forms of service at the University. Along the way I have made most of my close friends, a number of whom are here this afternoon. I believe that Notre Dame has a providential mission to play as a Catholic university. I am deeply honored to be its President. In God's good time, under the patronage of Our Lady, Notre Dame, may our collective efforts bear fruit. Thank you very much.

## JOB TRAINING PARTNERSHIP ACT SUCCESS STORIES

● **Mr. QUAYLE.** Mr. President, throughout my tenure in the Senate, I have researched, authored, and followed with great personal interest the progress of the Job Training Partnership Act [JTPA]. This act was a monumental step in reshaping Federal policy and experimenting with a new concept in the job training programs: partnerships.

JTPA has been a success around the Nation, and recently, the fifth anniversary of the signing of the act was celebrated by me and many of the participants of the JTPA programs in Indiana.

In attendance at the fifth anniversary dinner were members of the Private Industry Councils, representatives of the private sector whose involvement in the partnership make the program such a success; administrators and program people, who work directly with the clients by providing counseling, job search services, and skills training; and the clients themselves, who have,



as a result of their participation in the JTPA Program, found meaningful employment and economic security.

I would like to bring to the attention of my colleagues the names and personal situations of several of the participants in the JTPA Program in Indiana. One participant was selected per service delivery area. These individuals are representative of thousands more throughout Indiana and the Nation who have benefited from their involvement with JTPA.

**Kankakee Valley Service Delivery Area (SDA):** Sherri R. Dunfee. Sherri first made contact with the Kankakee Valley Job Training Program in February 1986. She was having difficulty providing basic needs for herself and her daughter and had few skills to aid her in finding suitable employment. After enrolling in the Kankakee Valley's Work Experience Program, Sherri began training in secretarial word processing at Davenport College and graduated with honors. Her job search led to the Kirzman-Forge Co. in Remington, IN, where she is now successfully pursuing a career.

**St. Joseph County SDA:** Rhavi Tol. Rhavi was an Asian refugee who came to the United States in 1981. Not only was he economically disadvantaged, but he had to overcome the language barrier as well. While attending basic education classes, Rhavi began the Work Experience Program at the St. Joseph County Job Training Program as a maintenance worker. He earned his GED in February 1983, began vocational training in auto mechanics, and graduated with honors from Indiana Vocational Technical College [IVY Tech], Northcentral, one of the vocational training schools in Indiana, in May 1985. Following graduation, Rhavi was hired by Don Medow Motors of South Bend, as a regular employee.

**Northern Indiana SDA:** Robert Svanrich. Robert began working at a local rehabilitative facility in a sheltered workshop at the Cardinal Center in Warsaw, IN. In a cooperative effort with the rehabilitative facility and the JTPA staff at the Northern Indiana Job Alliance, Robert went through the necessary training and progressed from an entry level position to an on-the-job training position with P.S. Products in Warsaw, where he is currently employed making stained glass products.

**North Central SDA:** Cheryl Middleton. Cheryl found herself a single parent of three daughters, on AFDC and food stamps, and without a high school diploma. She decided that the only way to better her life was to further her education. With the help of a JTPA coordinator, Cheryl enrolled in GED classes and IVY Tech at Logansport. Her major was computer programming. In 1987, Cheryl obtained her GED and graduated from IVY Tech with an Associate Degree in Computer programming. Cheryl was

hired by Electrical Systems of Lakeville, IN, as a cost estimator.

**Tecumseh SDA:** Jerry Johnson. After some post high school education and holding several temporary jobs, Jerry, of Lafayette, IN, decided that his clear goal for the future was to be a clerical worker. He contacted the Tecumseh Area Partnership and was accepted into their General Office Training Program. Jerry spent 14 weeks in classroom training, learning typing, the use of general office equipment and business English. While in class he worked as a clerk in the Purdue University Personnel Department. After graduation, his job search led to a position as data entry clerk with the State Farm Insurance Headquarters in West Lafayette.

**Madison-Grant SDA:** Cheryl McPaul. Cheryl is the single mother of eight children and lives in Anderson, IN. She enrolled at Anderson University in September 1983 with the goal of becoming a registered nurse. She used grants and loans to cover school expenses, but was still having difficulty in making ends meet. She then enrolled in the JTPA program in May 1986. Job Source provided the additional funding needed to graduate, as well as employment counseling. Through Job Source's job service matching system, she found employment as a nurse in the psychiatric unit of St. John's Hospital in Anderson. Cheryl is now studying business administration at Anderson University.

**Circle Seven SDA:** Emma Walker. Emma, the mother of five children, had the goal of becoming a Certified Dietary Manager. She attended four semesters of schooling at IVY Tech and the J. Everett Light Center through the Occupational Development Center. While in school, she did babysitting, working as a biscuit maker at Hardees, and as a dietary aid at a local nursing home. Emma recently graduated from the J. Everett Light Center as a Certified Dietary Manager. She then interviewed and was selected as the new Dietary Supervisor at the Autumn Care Nursing Home in Brownsburg.

**East Central SDA:** John Gibson. John, a older worker and handicapped, contacted the JTPA job counseling services in 1984, which resulted in the formation of his own business, John's Janitorial Services. With combined start-up funding assistance from JTPA and the Indiana Rehabilitation Services, John's commercial janitorial service has grown substantially over the past 3 years. His business has established major contracts with restaurants, banks, and library and social service facilities, and employs four people.

**Marion County SDA:** Terri Mooney. Terri of Indianapolis is a portrait of courage. This mother of two was fed up with low-paying, dead-end jobs, and came to the realization that the only way to improve her living standard was to get basic academic skills and a

high school diploma. Terri started by attending the Indianapolis Private Industry Council's Job Primer program for adult learners. Terri struggled the way many adults do when they return to the classroom. Adding to Terri's struggle was the death of her husband, but she was determined not to let anything stop her. Terri received her GED and found a job with GTE.

**Western Indiana SDA:** Harolyn Ridgeway. A divorced mother of a small child, Harolyn's only work experience was in fast food service and a grocery store. After exploring career possibilities, she decided on a career in the computer field. Through the help of the Western Indiana Job Training Program, Harolyn enrolled in computer classes at IVY Tech. While she was completing her training, a new Wal-Mart store opened in Greencastle. She was placed there as a computer operator, and is on her way to a successful career in computers.

**South Central SDA:** Bill Roddie. As a Columbus resident, Bill personally experienced cyclical employment with a major industrial employer for a decade. In the spring of 1985, after qualifying as a dislocated worker, he participated in the Self Employment Training Program developed and operated by the South Central Private Industry Council. In this program, Bill learned how to turn his part-time business into a full-time business venture. Roddie Janitorial Services is now successfully providing commercial and industrial cleaning services to over 35 customers in the area. In addition to developing a successful business, 10 full-time jobs and several part-time jobs were created for South Central Indiana residents.

**Lake County SDA:** Milovan Samardzich. Milovan, a former dislocated welder from Combustion Engineering, applied for employment and training services after he was unable to find employment in his profession. After testing and assessment, it was determined that Milovan had an aptitude for the computer and electronics fields. However, when he decided to enroll at Control Data, all of the training slots had been filled. He agreed to wait until additional slots at Control Data became available. Last year, Milovan entered a computer repair course at Control Data. His patience and hard work paid off. After graduation in August 1987, he was hired by Junction Interest Inc., as an electronic technician.

**Southeastern SDA:** Nina Draper. When Nina Draper came to the Rush County Occupational Development Center, she was an AFDC recipient and had completed one year of IVY Tech towards an Associate Degree in Secretarial Science. She was approved for tuition payment and needs-based payments to help offset costs of child care and transportation. In July 1987, Nina secured full-time training employment with One Call Communica-



tions. While she works in data processing, she is being trained to assume the position of assistant manager.

**Hoosier Falls SDA:** Valerie Bell. Valerie is the mother of two and was on AFDC and food stamps. To pay back assistance for rent from the county trustee's office, she began working in the Floyd County JTPA office. She not only worked the required hours, but volunteered as well. Her work was excellent, but she had no formal training. In January she entered the JTPA program. After completing the STEP program in June, she began working part time for Sun-Belt, Inc. She also works for the Floyd County Extension Office 3 days a week.

**Shawnee Trace SDA:** Linda Dillard. Linda applied for JTPA services at the Pike County Occupational Development Center [ODC] shortly after her husband left home, leaving Linda to care for three children alone. The oldest of her children is handicapped and confined to a wheelchair. Linda's only income was \$290 per month from SSI. The Pike County ODC office staff provided Linda with supportive services from other community resources including food stamps. They enrolled her in a work experience component, as a program aide at the Winslow Senior Citizens Center. Based on Linda's desire to become self-sufficient and pursue a fulfilling career, the ODC executed an on-the-job training contract for her to fill the vacant position of director of the Adult Day Care Center Program. Linda successfully completed that on-the-job training contract and continues as the center director.

**Southwest SDA:** Janet Fisher. At one time, Janet Fisher was so depressed and unmotivated that dressing and leaving her house to go to the store was an unnerving adventure. Nevertheless, the staff of the Private Industry Council of Southwest Indiana worked with Janet on her self-esteem, motivation, and confidence. They prepared her to re-enter the job market with general administrative skills, including data entry and secretarial skills. She is now working full time with the Evansville Convention and Visitors Bureau and is providing for her two children.●

#### AMERICAN EX-POW'S OF GARFIELD

● **Mr. LAUTENBERG.** Mr. President, I want to recognize a recent accomplishment of the American Ex-Prisoners of War of Garfield, NJ. The group dedicated a new building. The State commander of American Ex-Prisoners of War, William Surka, led the dedication. I am informed that this is the first building in the United States solely dedicated to the purpose of housing events surrounding American Ex-Prisoners of War.

Chapter three of the American Ex-Prisoners of War includes 200 members in the Garden State area. It is

proud of its new established home. The building will be used for meetings, installations, fundraisers, dinners, and dances.

Recently, I joined my colleagues in a resolution supporting the negotiations which were to take place between General Vessey and officials from Vietnam. The purpose of this mission was to determine the fate of those who are POW/MIA's. The result of Vessey's expedition was a reestablishment of the commitment to find the POW's and MIA's.

The building in Garfield symbolizes a commitment here at home to recognize and to assist prisoners of war. We, as a nation, are obligated to do our best to find these men and to bring them home.

I would like to commend the men in chapter 3 as well as the 28,000 other ex-prisoners of war in our country. The building in Garfield is an excellent representation of the continued recognition of their dedication to our country.●

#### POLITICAL PRISONERS IN THE SOVIET UNION

● **Mr. LEVIN.** Mr. President, American citizens of Eastern European heritage this Friday observe the "Day of the Political Prisoner" in the Soviet Union. In Warren, MI, they will gather at the Ukrainian Cultural Center to hear a very special guest speaker—Mr. Danylo Shumuk. Mr. Shumuk was recently released from prison after spending more than four decades in the Soviet gulag.

Danylo Shumuk is an extraordinary individual from whom we can learn a great deal about conditions inside the Soviet prison system and prospects for the release of other political prisoners. A remarkable interview with Mr. Shumuk appeared last month in "The Ukrainian Weekly." In this interview, conducted by a reporter from Radio Liberty, he describes his experience of the past 40 years in Soviet labor camps, prisons, and places of internal exile.

Mr. Shumuk fought with the Ukrainian Insurgent Army against the German occupation during World War II, and spent time in a German prison camp. When the Red army drove the Germans out of the Ukraine, he joined the struggle for Ukrainian independence against the Soviets. He was captured by Soviet security forces in January 1945, and sentenced to be shot. After 46 days in a death cell, he was informed that his sentence had been commuted to 20 years hard labor.

He was one of the leaders of a courageous prisoners' strike in the Norilsk labor camp in 1953. The prisoners actually took over the camp to protest against the inhumane conditions and blatant violations of Soviet law committed by the camp authorities. It was 2 months before the strike was crushed, and an entire army regiment was required to do the job.

In the "Ukrainian Weekly" interview, he describes how, in 1957 during one of his brief periods of freedom, he was presented with a terrible choice: either collaborate with the KGB and become an informer—or become a prisoner again. He refused to work for them, was arrested and was sentenced to a further 10 years imprisonment.

Mr. Shumuk was later a founding member of the Ukrainian Helsinki Monitoring Group and, in the 1970's, was designated by Amnesty International as its "senior" prisoner of conscience.

Asked by the Radio Liberty interviewer whether there was any single thing that gave him the strength to survive for so long, Mr. Shumuk replied: "The most important ideal that sustained me was honesty with myself, the avoidance of conflict with my conscience."

Under circumstances that would have broken the spirit of most people, Mr. Shumuk maintained his integrity and his full commitment to the struggle for freedom. And not just freedom for his own people—the right of the Ukrainian people to political, cultural, and religious freedom—but also freedom for all peoples. His final message in the interview, addressed to his fellow Ukrainians, was: "Today we cannot struggle separately for Ukraine's freedom as in the past. We have to join in the worldwide struggle for justice throughout our planet. There can be no lasting peace if even one nation is oppressed."

I am glad that Mr. Shumuk will be in Michigan on Friday to share his thoughts on the Soviet system and the situation of those who remain behind as prisoners of conscience. Although he was imprisoned in part for his courageous advocacy of Ukrainian national rights, Mr. Shumuk also speaks to the concerns of all Soviet political prisoners. He reminds us that if the United States is to move toward a lessening of tensions and better relations with the Soviet Union, we cannot forget those who are still denied fundamental human rights and freedoms.●

#### ORDERS FOR THURSDAY

RECESS UNTIL 8:30 A.M.

**Mr. BYRD.** Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 8:30 tomorrow morning.

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

#### RECOGNITION OF CERTAIN SENATORS

**Mr. BYRD.** Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order, the following Senators be recognized for the times stated: Mr. PROXMIER, 5 minutes; Mr. SANFORD, 10 minutes; Mr. SASSER, 15 minutes; and Mr. MELCHER, 10 minutes.



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

Mr. SIMPSON. Mr. President, will the majority leader include my request for Mr. SYMMS?

Mr. BYRD. Yes. The distinguished assistant Republican leader asks that Mr. SYMMS be included for 10 minutes. I make that unanimous-consent request.

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

#### REDUCTION OF LEADER TIME

Mr. BYRD. Mr. President, I ask unanimous consent that the time of the two leaders under the standing order tomorrow be reduced to 5 minutes each.

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

#### HUGO L. BLACK UNITED STATES COURTHOUSE

Mr. BYRD. Mr. President, I inquire of the distinguished assistant Republican leader if Calendar No. 393 on the Calendar of Business has been cleared on his side of the aisle.

Mr. SIMPSON. Mr. President, I advise the majority leader that that has been cleared on this side of the aisle.

Mr. BYRD. I thank my friend.

Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 393.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 614) to designate the new United States courthouse in Birmingham, Alabama, as the "Hugo L. Black United States Courthouse."

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

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

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

The motion to lay on the table was agreed to.

#### FEDERAL CRIMINAL FINES AND SENTENCING ACT

Mr. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 395, S. 1822.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1822) to make certain amendments to the Sentencing Reform Act of 1984 and to improve certain provisions relating to imposition and collection of criminal fines, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

#### AMENDMENT NO. 1097

(Purpose: To make certain technical and conforming amendments)

Mr. BYRD. Mr. President, on behalf of Mr. HEFLIN, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for Mr. HEFLIN, proposes an amendment numbered 1097.

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

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

The amendment is as follows:

On page 2 strike out beginning with line 5 through line 23 on page 5 and insert in lieu thereof the following:

#### SEC. 102. PROSPECTIVE APPLICATION OF SENTENCING REFORM ACT.

(a) Section 235(a)(1) of the Comprehensive Crime Control Act of 1984 is amended by inserting "and shall apply only to offenses committed on or after the effective date of this chapter" after "date of enactment".

(b) Section 235(b)(1) of the Comprehensive Crime Control Act of 1984 is amended by striking out "convicted of an offense or adjudicated to be a juvenile delinquent" and inserting "who committed an offense or an act of juvenile delinquency".

(c) Section 235(b)(3) of the Comprehensive Crime Control Act of 1984 is amended by striking out "that is within the range that applies to the prisoner under the applicable parole guideline" and inserting "pursuant to section 4206 of title 18, United States Code" in lieu thereof.

On page 28, line 11, strike out "Attorney General" and insert in lieu thereof "clerk or the person designated under section 604(a)(17) of title 28".

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

The amendment (No. 1097) was agreed to.

Mr. THURMOND. Mr. President, today, I rise in support of S. 1822, the Federal Criminal Fines and Sentencing Act of 1987. I am pleased to be an original sponsor of this bill along with Senator BIDEN, the chairman of the Judiciary Committee, and Senators HATCH and KENNEDY. This bill would amend the Sentencing Reform Act of 1984 in order to provide for the smooth implementation of the sentencing guidelines which go into effect on November 1, 1987.

As many of my colleagues will recall, the Sentencing Reform Act of 1984 established the Sentencing Commission for the purpose of formulating guidelines to be used by Federal judges in the sentencing process. The major purpose of the 1984 act was to reduce the disparity in sentences when different individuals are convicted of the same crime. This act will also abolish parole and thereby ensure that the time sentenced is the time served.

Previously, we have discussed the possibility of delay of implementation

of the guidelines. Since there will be no delay, it is necessary that we adopt this package before the guidelines become effective. I strongly urge my colleagues to support this package, and I hope that the House will give this bill speedy consideration.

The PRESIDING OFFICER. The bill is open for further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.1822

*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 "Federal Criminal Fines and Sentencing Act of 1987".

#### TITLE I—SENTENCING AMENDMENTS

##### SEC. 101. SHORT TITLE.

This title may be cited as the "Sentencing Act of 1987".

On page 2 strike out beginning line 5 through line 23 on page 5 and insert in lieu thereof the following:

#### SEC. 102. PROSPECTIVE APPLICATION OF SENTENCING REFORM ACT.

(a) Section 235(a)(1) of the Comprehensive Crime Control Act of 1984 is amended by inserting "and shall apply only to offenses committed on or after the effective date of this chapter" after "date of enactment".

(b) Section 235(b)(1) of the Comprehensive Crime Control Act of 1984 is amended by striking out "convicted of an offense or adjudicated to be a juvenile delinquent" and inserting "who committed an offense or an act of juvenile delinquency".

(c) Section 235(b)(3) of the Comprehensive Crime Control Act of 1984 is amended by striking out "that is within the range that applies to the prisoner under the applicable parole guideline" and inserting "pursuant to section 4206 of title 18, United States Code" in lieu thereof.

On page 28, line 11, strike out "Attorney General" and insert in lieu thereof "clerk or the person designated under section 604(a)(17) of title 28".

#### SEC. 103. STANDARD FOR DEPARTURE.

Section 3553(b) of title 18, United States Code, is amended by inserting after the first sentence the following: "In determining whether a circumstance was adequately taken into consideration, the court shall consider only the sentencing guidelines, policy statements, and official commentary of the Sentencing Commission."

#### SEC. 104. PROCEDURE FOR APPEALING SENTENCE IMPOSED BY A MAGISTRATE.

Section 3742 of title 18, United States Code, is amended by adding at the end thereof the following:

"(f) APPLICATION TO A SENTENCE BY A MAGISTRATE.—An appeal of an otherwise final sentence imposed by a United States magistrate may be taken to a judge of the district court, and the provisions of this section shall apply as though the appeal were to a court of appeals from a sentence imposed by a district court."

#### SEC. 105. MODIFICATION OF STANDARD OF APPELLATE REVIEW.

Section 3742 of title 18, United States Code, is further amended in the second sentence of subsection (d) by inserting before the period "and shall give due deference to



the district court's application of the guidelines to the facts".

**SEC. 106. REVIEW OF A SENTENCE FOR WHICH THERE IS NO APPLICABLE GUIDELINE.**

Section 3742 of title 18, United States Code, is further amended—

(1) in subsections (a)(4) and (b)(4) by inserting "plainly unreasonable or" before "greater than" and by striking "if any,";

(2) in subsection (d) by—  
(A) striking out "or" at the end of paragraph (2);

(B) striking out the period at the end of paragraph (3) and inserting in lieu thereof "or"; and

(C) inserting after paragraph (3) the following new paragraph:

"(4) was imposed for an offense for which there is no applicable sentencing guideline and is plainly unreasonable.";

(3) in subsection (e)(2) by inserting "or was imposed for an offense for which there is no applicable sentencing guideline and is plainly unreasonable," after "is outside the range of the applicable sentencing guideline and is unreasonable"; and

(4) in subsections (e)(2)(A) and (e)(2)(B) by inserting "and" after "it shall set aside the sentence".

**SEC. 107. CLARIFICATION OF BASIS FOR AFFIRMING AN APPEAL.**

Section 3742 of title 18, United States Code, is further amended by amending subsection (e)(3) to read as follows:

"(3) is not described in paragraph (1) or (2), it shall affirm the sentence."

**SEC. 108. CORRECTION OF PROBATION EXCLUSION FOR ORGANIZATIONS CONVICTED OF SERIOUS OFFENSES.**

Section 3561(a)(1) of title 18, United States Code, is amended by inserting "and the defendant is an individual" after "the offense is a Class A or Class B felony".

**SEC. 109. EXTENSION OF MAXIMUM TERMS OF SUPERVISED RELEASE.**

Section 3583(b) of title 18, United States Code, is amended—

(1) in paragraph (1) by striking out "three years" and inserting in lieu thereof "five years"; and

(2) in paragraph (2) by striking out "two years" and inserting in lieu thereof "three years".

**SEC. 110. INCLUSION OF PROTECTION OF PUBLIC AS FACTOR IN DECIDING WHETHER TO IMPOSE SUPERVISED RELEASE.**

Section 3583(c) of title 18, United States Code, is amended by inserting "(a)(2)(C)," after "(a)(2)(B).";

**SEC. 111. CLARIFICATION OF PROCEDURE FOR MODIFYING CONDITIONS OF PROBATION.**

Section 3563(c) of title 18, United States Code, is amended—

(1) by striking out "revocation or modification of probation" and inserting in lieu thereof "the modification of probation and"; and

(2) by striking out the comma after "may".

**SEC. 112. CLARIFICATION OF PROCEDURE FOR EARLY TERMINATION OF PROBATION.**

Section 3564(c) of title 18, United States Code, is amended by inserting ", pursuant to the provisions of the Federal Rules of Criminal Procedure relating to the modification of probation," after "may".

**SEC. 113. CLARIFICATION OF PROCEDURE FOR EARLY TERMINATION OF SUPERVISED RELEASE.**

Section 3583(e) of title 18, United States Code, is amended—

(1) in paragraph (1) by inserting "pursuant to the provisions of the Federal Rules of Criminal Procedure relating to the modification of probation," after "one year of supervised release,"; and

(2) in paragraph (2) by striking out "after a hearing," and by inserting "the provisions of the Federal Rules of Criminal Procedure relating to the modification of probation and" after "pursuant to".

**SEC. 114. REMEDIES FOR FAILURE TO PAY RESTITUTION.**

Section 3663(g) of title 18, United States Code, is amended in each of the second and third sentences by inserting "or a term of supervised release" after "probation" and by inserting "probation or" after "conditions of".

**SEC. 115. DETERMINATION OF GUIDELINE SENTENCE FOR PRISONERS TRANSFERRED PURSUANT TO TREATY FROM FOREIGN COUNTRIES.**

Section 4106(b) of title 18, United States Code, is amended to read as follows:

"(b)(1) An offender transferred to the United States to serve a sentence of imprisonment that is longer than the maximum period of time specified in the applicable sentencing guidelines promulgated pursuant to section 994(a)(1) of title 28, United States Code, as determined by the Bureau of Prisons upon the recommendation of the United States Probation Service, shall serve in an official detention facility the maximum period of time specified in the applicable sentencing guidelines and shall serve the remainder of the term imposed as a term of supervised release.

"(2) To the extent permitted by the applicable treaty, a final determination by the Bureau of Prisons as to whether the transferred offender shall serve a term of supervised release and the length of such term may be appealed to the United States court of appeals for the district in which the offender is imprisoned after transfer to the United States, and the court of appeals shall decide and dispose of the appeal in accordance with section 3742 as though the determination appealed had been imposed by the United States district court.

"(3) A determination by the Bureau of Prisons shall be made only after affording the transferred offender an opportunity—

"(A) to submit evidence or information as to the applicable sentencing guideline; and

"(B) for an appeal within the Bureau of Prisons of such determination by a reviewing authority established by the Director pursuant to regulations."

**SEC. 116. PROCEDURE FOR RELIEF OF LABOR DISABILITIES FOLLOWING CONVICTION.**

Section 229(a) of the Comprehensive Crime Control Act of 1984 is amended by striking out "on motion of the United States Department of Justice,".

**SEC. 117. PETTY OFFENSE.**

(b) **ELIMINATION OF REQUIREMENT FOR PETTY OFFENSE GUIDELINES.**—Section 3553(b) of title 18, United States Code, is amended by adding at the end the following: "If there is no applicable sentencing guideline and the offense is classified as a petty offense, the court shall impose an appropriate sentence having due regard for the purposes of sentencing set forth in subsection (a)(2)."

(b) **CONFORMING AMENDMENT.**—Section 994(w) of title 28, United States Code, is amended by inserting after "each sentence imposed" the following: ", except in the case of a sentence imposed for a petty offense, as defined in Title 18, U.S.C. for which there is no applicable sentencing guideline,".

**SEC. 118. ELIMINATION OF REQUIREMENT OF STATING REASONS FOR CHOOSING A POINT WITHIN THE PRESCRIBED SENTENCING RANGE.**

Section 3553(c) of title 18, United States Code, is amended by striking the dash and paragraph (1) and "(2)".

**SEC. 119. CLARIFICATION OF AUTHORITY OF BUREAU OF PRISONS TO ACCEPT COMMITMENTS TO ITS COMMUNITY CORRECTIONS FACILITY AS CONDITION OF PROBATION OR SUPERVISED RELEASE.**

Section 3563(b)(12) of title 18, United States Code, is amended by inserting after "community corrections facility" the following: ", which facility may be one maintained or contracted by the Bureau of Prisons provided that the Director indicates that adequate space and suitable programs for the defendant are available at the facility,".

**SEC. 120. POSTPONEMENT OF DEADLINE FOR COMMISSION REPORT MAKING RECOMMENDATIONS ON THE GRADING AND PENALTIES FOR OFFENSES.**

Section 994(r) of title 28, United States Code, is amended by striking "one year" and inserting in lieu thereof "four years".

**SEC. 121. ELIMINATION OF REQUIREMENT THAT SENTENCING COMMISSION RESPOND TO DEFENDANT PETITIONS FOR GUIDELINES MODIFICATIONS.**

Section 994(s) of title 28, United States Code, is amended by striking out the final three sentences.

**SEC. 122. APPOINTMENT OF COUNSEL IN RELATION TO SUPERVISED RELEASE.**

Section 223(e) of the Comprehensive Crime Control Act of 1984, as amended by section 103 of the Criminal Justice Act Revisions of 1986, is further amended by striking paragraph (2) and inserting in lieu thereof the following new paragraph:

(2) in paragraph (1) by striking out subparagraph (E) and inserting in lieu thereof the following new subparagraph:

"(E) is charged with a violation of supervised release or faces modification, reduction, or enlargement of a condition, or extension or revocation of a term of supervised release;"

**SEC. 123. AUTHORITY OF DIRECTOR OF ADMINISTRATIVE OFFICE OF UNITED STATES COURTS TO CONTRACT FOR PSYCHIATRIC AFTERCARE.**

Section 3672 of title 18, United States Code, is amended—

(1) by amending the seventh undesignated paragraph to read as follows:

"He shall have the authority to contract with any appropriate public or private agency or person for the detection of and care in the community of an offender who is an alcohol-dependent person, an addict or a drug-dependent person, or a person suffering from a psychiatric disorder within the meaning of section 2 of the Public Health Service Act (42 U.S.C. 201). This authority shall include the authority to provide equipment and supplies; testing; medical, educational, social, psychological and vocational services; corrective and preventative guidance and training; and other rehabilitative services designed to protect the public and benefit the alcohol-dependent person, addict or drug-dependent person, or a person suffering from a psychiatric disorder by eliminating his dependence on alcohol or addicting drugs, by controlling his dependence and his susceptibility to addiction, or by treating his psychiatric disorder. He may negotiate and award such contracts without regard to section 3709 of the Revised Statutes (41 U.S.C. 5)."; and

(2) by adding the following new undesignated paragraph at the end thereof:

"Whenever the court finds that funds are available for payment by or on behalf of a person furnished such services, training, or guidance, the court may direct that such funds be paid to the Director. Any moneys collected under this paragraph shall be used to reimburse the appropriations obligated and disbursed in payment for such services, training, or guidance."



## SEC. 124. EMERGENCY GUIDELINES PROMULGATION AUTHORITY.

Section 994(a) of title 28, United States Code, is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding a new paragraph as follows: "(4) in the case of an invalidated guideline, the creation of a new offense or amendment of an existing offense, or for other urgent and compelling reason determined by the Commission relating to the application of a previously established guideline, a temporary guideline or amendment to an existing guideline, to remain in effect until and during the pendency of the next report to Congress pursuant to subsection (p) of this section."

## SEC. 125. APPLICATION OF RULE 35(b) TO CONDUCT OCCURRING BEFORE EFFECTIVE DATE OF SENTENCING GUIDELINES.

The amendment to rule 35(b) of the Federal Rules of Criminal Procedure made by the order of the Supreme Court on April 29, 1985, shall apply with respect to all crimes committed before the taking effect of section 215(b) of the Comprehensive Crime Control Act of 1984.

## SEC. 126. SENTENCING COMMISSION STAFF DIRECTOR SALARY.

Section 995(a)(2) of title 28, United States Code, is amended to read as follows:

"(2) appoint and fix the salary and duties of the staff director of the Sentencing Commission, who shall serve at the discretion of the Commission and who may be compensated at a rate not to exceed the highest rate now or hereafter prescribed for the director of the Federal Judicial Center,".

## SEC. 127. GENERAL EFFECTIVE DATE.

This title shall take effect upon the date of enactment of this title, or the date of the taking effect of the initial set of guidelines promulgated by the United States Sentencing Commission pursuant to chapter 58 of title 28, United States Code, whichever date occurs later.

## TITLE II—CRIMINAL FINE IMPROVEMENTS

## SEC. 201. SHORT TITLE.

This title may be cited as the "Criminal Fine Improvements Act of 1987".

## SEC. 202. DUTIES OF THE DIRECTOR OF THE ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS IN RELATION TO FINES.

Section 604(a) of title 28, United States Code, is amended—

(1) by redesignating paragraph (17) as paragraph (18); and

(2) by inserting after paragraph (16) the following new paragraph:

"(17) Establish procedures and mechanisms within the judicial branch for processing fines, restitution, forfeitures of bail bonds or collateral, and assessments;".

## SEC. 203. SPECIAL ASSESSMENTS.

Section 3013 of title 18, United States Code, is amended by adding at the end the following:

"(c) The obligation to pay an assessment ceases five years after the date of the judgment.

"(d) For the purposes of this section, an offense under section 13 of this title is an offense against the United States."

## SEC. 204. DEFINITION OF PETTY OFFENSE.

(a) IN GENERAL.—Chapter 1 of title 18, United States Code, is amended by adding at the end the following new section:

## "§ 19. Petty offense defined

"As used in this title, the term 'petty offense' means a Class B misdemeanor, a Class C misdemeanor, or an infraction."

(b) TECHNICAL AMENDMENT.—The table of sections for chapter 1 of title 18, United States Code, is amended by adding at the end the following new item:

"19. Petty offense defined."

(c) CLARIFYING AMENDMENT TO EARLIER TECHNICAL PROVISION.—Section 38(a) of the Criminal Law and Procedure Technical Amendments Act of 1986 is amended by striking out "section 23" and inserting in lieu thereof "section 34(a)".

## SEC. 205. ELIMINATION OF OBSOLETE PROVISION.

Subsection (b) of section 3559 of title 18, United States Code, is amended by striking out "except that:" and all that follows through the end of the subsection and inserting in lieu thereof ", except that the maximum term of imprisonment is the term authorized by the law describing the offense."

## SEC. 206. AUTHORIZED FINES.

Section 3571 of title 18, United States Code, is amended to read as follows:

## "§ 3571. Sentence of fine

"(a) IN GENERAL.—A defendant who has been found guilty of an offense may be sentenced to pay a fine.

"(b) FINES FOR INDIVIDUALS.—Except as provided in subsection (e) of this section, an individual who has been found guilty of an offense may be fined not more than the greatest of—

"(1) the amount specified in the law setting forth the offense;

"(2) the applicable amount under subsection (d) of this section;

"(3) for a felony, not more than \$250,000;

"(4) for a misdemeanor resulting in death, not more than \$250,000;

"(5) for a Class A misdemeanor that does not result in death, not more than \$100,000;

"(6) for a Class B or C misdemeanor that does not result in death, not more than \$5,000; or

"(7) for an infraction, not more than \$5,000.

"(c) FINES FOR ORGANIZATIONS.—Except as provided in subsection (e) of this section, an organization that has been found guilty of an offense may be fined not more than the greatest of—

"(1) the amount specified in the law setting forth the offense;

"(2) the applicable amount under subsection (d) of this section;

"(3) for a felony, not more than \$500,000;

"(4) for a misdemeanor resulting in death, not more than \$500,000;

"(5) for a Class A misdemeanor that does not result in death, not more than \$200,000;

"(6) for a Class B or C misdemeanor that does not result in death, not more than \$10,000; and

"(7) for an infraction, not more than \$10,000.

"(d) ALTERNATIVE FINE BASED ON GAIN OR LOSS.—If any person derives pecuniary gain from the offense, or if the offense results in pecuniary loss to a person other than the defendant, the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss, unless imposition of a fine under this subsection would unduly complicate or prolong the sentencing process.

"(e) SPECIAL RULE FOR LOWER FINE SPECIFIED IN SUBSTANTIVE PROVISION.—If a law setting forth an offense specifies a fine that is lower than the fine otherwise applicable under this section and such law, by specific reference, exempts the offense from the applicability of the fine otherwise applicable

under this section, the defendant may not be fined more than the amount specified in the law setting forth the offense."

## SEC. 207. IMPOSITION OF A SENTENCE OF FINE AND RELATED MATTERS.

Section 3572 of title 18, United States Code, is amended to read as follows:

## "§ 3572. Imposition of a sentence of fine and related matters

"(a) FACTORS TO BE CONSIDERED.—In determining whether to impose a fine, and the amount, time for payment, and method of payment of a fine, the court shall consider, in addition to the factors set forth in section 3553(a)—

"(1) the defendant's income, earning capacity, and financial resources;

"(2) the burden that the fine will impose upon the defendant, any person who is financially dependent on the defendant, or any other person (including a government) that would be responsible for the welfare of any person financially dependent on the defendant, relative to the burden that alternative punishments would impose;

"(3) any pecuniary loss inflicted upon others as a result of the offense;

"(4) whether restitution is ordered or made and the amount of such restitution;

"(5) the need to deprive the defendant of illegally obtained gains from the offense;

"(6) whether the defendant can pass on to consumers or other persons the expense of the fine; and

"(7) if the defendant is an organization, the size of the organization and any measure taken by the organization to discipline any officer, director, employee, or agent of the organization responsible for the offense and to prevent a recurrence of such an offense.

"(b) FINE NOT TO IMPAIR ABILITY TO MAKE RESTITUTION.—If, as a result of a conviction, the defendant has the obligation to make restitution to a victim of the offense, the court shall impose a fine or other monetary penalty only to the extent that such fine or penalty will not impair the ability of the defendant to make restitution.

"(c) EFFECT OF FINALITY OF JUDGMENT.—Notwithstanding the fact that a sentence to pay a fine can subsequently be—

"(1) modified or remitted under section 3573;

"(2) corrected under rule 35 and section 3742; or

"(3) appealed and modified under section 3742;

a judgment that includes such a sentence is a final judgment for all other purposes.

"(d) TIME, METHOD OF PAYMENT, AND RELATED ITEMS.—A person sentenced to pay a fine or other monetary penalty shall make such payment immediately, unless, in the interest of justice, the court provides for payment on a date certain or in installments. If the court provides for payment in installments, such installments shall be in equal monthly payments over the period provided by the court, unless the court establishes some other schedule. If the judgment permits other than immediate payment, the period provided for shall not exceed 5 years, excluding any period served by the defendant as imprisonment for the offense.

"(e) ALTERNATIVE SENTENCE PRECLUDED.—At the time a defendant is sentenced to pay a fine, the court may not impose an alternative sentence to be carried out if the fine is not paid.

"(f) RESPONSIBILITY FOR PAYMENT OF MONETARY OBLIGATION RELATING TO ORGANIZATION.—If a sentence includes a fine, [special assessment, or other monetary obligation (including interest)] with respect to an orga-



nization, each individual authorized to make disbursements for the organization has a duty to pay the obligation from assets of the organization. If such an obligation is imposed on a director, officer, shareholder, employee, or agent of an organization, payments may not be made, directly or indirectly, from assets of the organization, unless the court finds that such payment is expressly permissible under applicable State law.

"(g) SECURITY FOR STAYED FINE.—If a sentence imposing a fine is stayed, the court shall, absent exceptional circumstances (as determined by the court)—

"(1) require the defendant to deposit, in the registry of the district court, any amount of the fine that is due;

"(2) require the defendant to provide a bond or other security to ensure payment of the fine; or

"(3) restrain the defendant from transferring or dissipating assets.

"(h) DELINQUENCY.—A fine is delinquent if a payment is more than 30 days late.

"(i) DEFAULT.—A fine is in default if a payment is delinquent for more than 90 days. When a fine is in default, the entire amount of the fine is due within 30 days after notification of the default, notwithstanding any installment schedule."

#### SEC. 208. REVISION OF MODIFICATION OR REMISSION PROVISION.

(a) OFFENSE.—Section 3573 of title 18, United States Code, is amended to read as follows:

"§ 3573. Petition of the Government for Modification or Remission

"Upon petition of the Government showing that reasonable efforts to collect a fine or assessment are not likely to be effective, the court may, in the interest of justice—

"(1) remit all or part of the unpaid portion of the fine or special assessment, including interest and penalties;

"(2) defer payment of the fine or special assessment to a date certain or pursuant to an installment schedule; or

"(3) extend a date certain or an installment schedule previously ordered.

A petition under this subsection shall be filed in the court in which sentence was originally imposed, unless the court transfers jurisdiction to another court."

(b) TECHNICAL AMENDMENT.—The table of sections for subchapter C of chapter 227 of title 18, United States Code, is amended by striking out the item for section 3573 and insert in lieu thereof the following:

"3573. Petition of the Government for Modification or Revision."

#### SEC. 209. RECEIPT OF FINES—INTERIM PROVISIONS.

(a) NOVEMBER 1, 1987 TO APRIL 30, 1988.—Notwithstanding section 3611 of title 18, United States Code, a person who, during the period beginning on November 1, 1987, and ending on April 30, 1988, is sentenced to pay a fine or assessment shall pay the fine or assessment (including any interest or penalty) to the clerk of the court, with respect to an offense committed on or before December 31, 1984, and to the Attorney General, with respect to an offense committed after December 31, 1984.

(b) MAY 1, 1988, TO OCTOBER 31, 1988.—(1) Notwithstanding section 3611 of title 18, United States Code, a person who during the period beginning on May 1, 1988, and ending on October 31, 1988, is sentenced to pay a fine or assessment shall pay the fine or assessment in accordance with this subsection.

(2) In a case initiated by citation or violation notice, such person shall pay the fine or assessment (including any interest or

penalty), as specified by the Director of the Administrative Office of the United States Courts. Such Director may specify that such payment be made to the clerk of the court or in the manner provided for under section 604(a)(17) of title 28, United States Code.

(3) In any other case, such person shall pay the fine or assessment (including any interest or penalty) to the clerk of the court, with respect to an offense committed on or before December 31, 1984, and to the Attorney General, with respect to an offense committed after December 31, 1984.

#### SEC. 210. RECEIPT OF FINES—PERMANENT PROVISION.

(a) IN GENERAL.—Section 3611 of title 18, United States Code, is amended to read as follows:

"§ 3611. Payment of a fine

"A person who is sentenced to pay a fine or assessment shall pay the fine or assessment (including any interest or penalty), as specified by the Director of the Administrative Office of the United States Courts. Such Director may specify that such payment be made to the clerk of the court or in the manner provided for under section 604(a)(17) of title 28, United States Code."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any fine imposed after October 31, 1988. Such amendment shall also apply with respect to any fine imposed on or before October 31, 1988, if the fine remains uncollected as of February 1, 1989, unless the Director of the Administrative Office of the United States Courts determines further delay is necessary. If the Director so determines, the amendment made by this section shall apply with respect to any such fine imposed on or before October 31, 1988, if the fine remains uncollected as of May 1, 1989.

#### SEC. 211. COLLECTION AMENDMENTS.

(a) NOTIFICATION OF RECEIPT AND RELATED MATTERS.—Section 3612(a) of title 18, United States Code, is amended to read as follows:

"(a) NOTIFICATION OF RECEIPT AND RELATED MATTERS.—The clerk or the person designated under section 604(a)(17) of title 28 shall notify the Attorney General of each receipt of a payment with respect to which a certification is made under subsection (b), together with other appropriate information relating to such payment. The notification shall be provided—

"(1) in such manner as may be agreed upon by the Attorney General and the Director of the Administrative Office of the United States Courts; and

"(2) within 15 days after the receipt or at such other time as may be determined jointly by the Attorney General and the Director of the Administrative Office of the United States Courts.

If the fifteenth day under paragraph (2) is a Saturday, Sunday, or legal public holiday, the clerk or the person designated under section 604(a)(17) of title 28 shall provide notification not later than the next day that is not a Saturday, Sunday, or legal public holiday.

(b) INFORMATION TO BE INCLUDED IN JUDGMENT.—Section 3612(b) of title 18, United States Code, is amended to read as follows:

"(b) INFORMATION TO BE INCLUDED IN JUDGMENT; JUDGMENT TO BE TRANSMITTED TO ATTORNEY GENERAL.—(1) A judgment or order imposing, modifying, or remitting a fine of more than \$100 shall include—

"(A) the name, social security account number, mailing address, and residence address of the defendant;

"(B) the docket number of the case;

"(C) the original amount of the fine and the amount that is due and unpaid;

"(D) the schedule of payments (if other than immediate payment is permitted under section 3572(d));

"(E) a description of any modification or remission; and

"(F) if other than immediate payment is permitted, a requirement that, until the fine is paid in full, the defendant notify the Attorney General of any change in the mailing address or residence address of the defendant not later than thirty days after the change occurs.

"(2) Not later than ten days after entry of the judgment or order, the court shall transmit a certified copy of the judgment or order to the Attorney General."

(c) TECHNICAL AMENDMENTS.—

(1) Section 3612(d) of title 18, United States Code, is amended by striking out "section 3572(i)" and inserting in lieu thereof "3572(h)".

(2) Section 3612(e) of title 18, United States Code, is amended by striking out "section 3572(j)" and inserting in lieu thereof "3572(i)".

(d) INTEREST ON FINES.—Section 3612(f) of title 18, United States Code, is amended to read as follows:

"(f) INTEREST ON FINES.—

"(1) IN GENERAL.—The defendant shall pay interest on any fine of more than \$2,500, unless the fine is paid in full before the fifteenth day after the date of the judgment. If that day is a Saturday, Sunday, or legal public holiday, the defendant shall be liable for interest beginning with the next day that is not a Saturday, Sunday, or legal public holiday.

"(2) COMPUTATION.—Interest on a fine shall be computed—

"(A) daily (from the first day on which the defendant is liable for interest under paragraph (1)); and

"(B) at a rate equal to the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled before the first day on which the defendant is liable for interest under paragraph (1).

"(3) MODIFICATION OF INTEREST BY COURT.—If the court determines that the defendant does not have the ability to pay interest under this subsection, the court may—

"(A) waive the requirement for interest;

"(B) limit the total of interest payable to a specific dollar amount; or

"(C) limit the length of the period during which interest accrues."

(e) PENALTY FOR DELINQUENT FINE; WAIVER OF INTEREST OR FINE BY ATTORNEY GENERAL.—Section 3612 of title 18, United States Code, is amended by adding at the end the following new subsections:

"(g) PENALTY FOR DELINQUENT FINE.—If a fine becomes delinquent, the defendant shall pay, as a penalty, an amount equal to ten percent of the principal amount that is delinquent. If a fine becomes in default, the defendant shall pay, as a penalty, an additional amount equal to 15 percent of the principal amount that is in default.

"(h) WAIVER OF INTEREST OR PENALTY BY ATTORNEY GENERAL.—The Attorney General may waive all or part of any interest or penalty under this section if, as determined by the Attorney General, reasonable efforts to collect the interest or penalty are not likely to be effective.

"(i) APPLICATION OF PAYMENTS.—Payments relating to fines shall be applied in the following order: (1) to principal; (2) to costs; (3) to interest; and (4) to penalties."



## SEC. 212. RECEIPT OF RESTITUTION PAYMENTS BY COURTS.

Section 3663(f)(4) of title 18, United States Code, is amended by inserting "or the person designated under section 604(a)(17) of title 28" after "Attorney General".

## SEC. 213. EFFECTIVE DATE.

This title shall take effect on the date of the enactment of this title, except that the amendments made by section 210 of this title shall take effect as provided in such section and the amendments made by sections 204, 205, 206, 207, 208, 211, and 212 shall take effect on the date of the taking effect of section 212(a)(2) of the Sentencing Reform Act of 1984.

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

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

The motion to lay on the table was agreed to.

## SEQUENTIAL REFERRAL OF THE NOMINATION OF JUNE GIBBS BROWN

Mr. BYRD. Mr. President, as in executive session, I ask unanimous consent that the nomination of June Gibbs Brown to be Inspector General of the Department of Defense be referred to the Committee on Governmental Affairs for a period not to exceed 20 days.

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

## PROGRAM

Mr. BYRD. Mr. President, the Senate will convene tomorrow morning at 8:30 a.m. There will be various and sundry orders for the recognition of Senators.

Mr. President, suffice it to say at this point that there will be a rollcall vote at 10 o'clock tomorrow morning. As per our normal procedure, that being the first rollcall vote of the day, it will be a 30-minute rollcall vote.

I ask unanimous consent that the call for the regular order be automatic at the expiration of the 30 minutes.

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

Mr. BYRD. Mr. President, does my distinguished friend, Mr. SIMPSON, have anything further he would like to say or any further business that he would like to transact?

Mr. SIMPSON. Mr. President, I say to the majority leader that I have nothing further at this hour, except that we do have that vote at 10. It may be on a Sergeant at Arms call or it may be the issue before the body. But, in either event, the Senators know that and I have communicated that. Whether we can reach an accord on violating or not, at least it will be apparent that that vote will take place.

I thank the majority leader.

Mr. BYRD. I thank the Senator. He has made a very helpful explanation, and it will be clear to all Senators as to the fact that, first, there will be a rollcall vote and, second, that we do not know precisely at this moment as to

whether it will be on the appeal of the ruling of the Chair or on the motion to instruct the Sergeant at Arms to request absent Senators to be here.

## RECESS UNTIL 8:30 A.M. TOMORROW

Mr. BYRD. Mr. President, there being no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 8:30 tomorrow morning.

The motion was agreed to, and at 7:15 p.m., the Senate recessed until tomorrow, Thursday, October 29, 1987, at 8:30 a.m.

## NOMINATIONS

Executive nominations received by the Senate October 28, 1987:

## DEPARTMENT OF DEFENSE

ROBERT W. PAGE, SR., OF TEXAS, TO BE AN ASSISTANT SECRETARY OF THE ARMY, VICE ROBERT K. DAWSON, RESIGNED.

## NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATIONAL PROGRAMS

THE FOLLOWING-NAMED PERSONS TO BE MEMBERS OF THE NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATIONAL PROGRAMS FOR TERMS EXPIRING MAY 8, 1990:

ESTHER KRATZER EVERETT, OF NEW YORK, REAPPOINTMENT.  
HELEN J. VALERIO, OF MASSACHUSETTS, REAPPOINTMENT.

## NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

CAROLYN REID-WALLACE, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1992, VICE SAMUEL DUBOIS COOK, TERM EXPIRED.

## IN THE MARINE CORPS

THE FOLLOWING-NAMED MARINE CORPS ENLISTED COMMISSIONING EDUCATION PROGRAM GRADUATE, FOR PERMANENT APPOINTMENT TO THE GRADE OF SECOND LIEUTENANT IN THE U.S. MARINE CORPS, PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 531:

MARK E. YAPP, 6180.

## IN THE NAVY

THE FOLLOWING-NAMED LIEUTENANT COMMANDERS AND LIEUTENANTS IN THE LINE AND STAFF CORPS OF THE NAVY FOR PROMOTION TO THE PERMANENT GRADE OF COMMANDER OR LIEUTENANT COMMANDER AS INDICATED, PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 628, SUBJECT TO QUALIFICATIONS THEREFOR AS PROVIDED BY LAW:

## MEDICAL CORPS

To be commander

ARTHUR C. BURNS  
MYRON HARASYM

## AVIATION DUTY OFFICER

To be lieutenant commander

LARRY D. YOUNG

## MEDICAL CORPS

To be lieutenant commander

JOSEPH P. SNYDER

## CIVIL ENGINEER CORPS

To be lieutenant commander

TIMOTHY J. BOND

## IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICERS FOR PERMANENT PROMOTION IN THE U. S. AIR FORCE, UNDER THE APPROPRIATE PROVISIONS OF SECTION 624, TITLE 10, UNITED STATES CODE, AS AMENDED, WITH DATES OF RANK TO BE DETERMINED BY THE SECRETARY OF THE AIR FORCE:

## LINE OF THE AIR FORCE

To be colonel

PETER D. ABLER, 474-48-6727  
JOHN F. F. ACKER, 214-44-0193  
PATRICK O. ADAMS, 496-46-9010  
THOMAS P. ADAMS, 441-40-2388  
ROBERT S. AINSLIE, 153-30-2895

BENJAMIN F. ALFORD III, 549-62-4977  
DANNY R. ALLEN, 431-92-7565  
EDWARD H. ALLEN, 239-74-1427  
NORMAN L. ALLRED, 518-46-9862  
RUSSELL H. ALMOND, JR., 226-58-7002  
CLARENCE R. ANDEREGG, 211-34-0392  
EDDIE L. ANDERSON, 465-64-3473  
JAMES E. ANDERSON, 476-46-6119  
KELLY D. ANDERSON, 473-48-3287  
ROBERT R. ANDERSON, 533-40-7979  
LEOPOLD J. ANDREOLI, 190-34-3852  
ROBERT S. ANDREWS, 558-62-4848  
THOMAS W. ARBAUGH, 297-34-5829  
ALEXANDER M. ARCHIBALD, JR., 262-62-6206  
JOHN S. ARMSTRONG, 515-44-0157  
WILLIAM P. ARMSTRONG, JR., 568-62-7636  
PAUL S. ARNESON, 474-50-9555  
DANIEL E. ARNOLD, 218-44-3622  
PALMER G. ARNOLD, 525-98-3626  
WILLIAM R. ARNOLD, JR., 575-50-2350  
GEORGE T. AROLA, 544-44-1441  
EDMUND ASKLAND, JR., 102-36-0379  
EDWARD J. ATKINS, 149-42-2736  
WILLIAM E. AYEN, 396-46-4381  
LARRY C. BAGLEY, 529-62-5197  
JOSEPH A. BAILEY, JR., 324-38-0555  
MAXWELL C. BAILEY, 402-64-0835  
MICKEY W. BAILEY, 246-56-0806  
CHARLES W. BAKER, JR., 421-46-8848  
JAMES R. BAKER, 234-70-4555  
PAUL D. BAKER, 430-84-0279  
RICHARD K. BAKI, 386-42-8649  
GARY A. BALL, 091-36-0309  
MICHAEL J. BALL, 055-36-2944  
JAMES R. BALLARD, 261-72-8465  
HENRY M. BANDY, III, 226-58-9666  
THOMAS M. BANNING, III, 556-66-6566  
PAUL W. BARDEN, 114-34-1057  
DANIEL J. BARKER, 585-10-4066  
STEPHEN E. BARNEYBACK, 505-68-7163  
ROBERT S. BARNHARDT, 246-68-8185  
LEROY BARNIDGE, JR., 439-70-7882  
ROBERT J. BARNUM, 094-34-8579  
SAMUEL L. BARRICK, JR., 270-40-9665  
JAMES R. BEALE, 534-48-2396  
DANNY A. BEAM, 458-74-7316  
RICHARD M. BEAN, 524-66-7348  
JONATHAN R. BEAR, 423-60-7401  
JOHN D. BECKER, 292-40-8234  
RALPH G. BECKETT, 412-68-7067  
ROBERT F. BEHLER, 444-52-1612  
EDWIN W. BENNETT, JR., 166-36-9044  
WARREN A. BENNETT, JR., 230-60-6021  
JEFFREY L. BERAN, 282-38-9968  
JOHN E. BERGEN, 158-32-0799  
WILLIAM E. BERRY, JR., 280-38-1878  
ERIC A. BESHORE, 108-36-8616  
ALEXANDER BETTINGER, 269-40-1148  
WILLIAM D. BETZ, 511-46-2926  
WILLIAM J. BIEHR, JR., 472-50-2601  
FRANK T. BIRK, 024-34-4452  
WILLIAM R. BISHOP, 248-72-9045  
WALTER J. BLACK, JR., 246-72-7181  
ALAN D. BLACKBURN, 092-34-4015  
JAMES R. BLACKBURN, JR., 505-58-8412  
WILLIAM M. BLASING, 392-42-6739  
MICHAEL D. BLANCHARD, 540-50-2187  
JONAS L. BLANK, JR., 224-62-3251  
TERRY O. BLIQUEZ, 484-48-1545  
THOMAS P. BLISS, 204-34-8057  
JOHN R. BLOCK, 325-38-0047  
HERBERT J. BOASSO, JR., 439-68-7621  
ARTHUR R. BODE, 496-44-8470  
JAMES F. BOGGAN, 436-66-7706  
MAURICE P. BOIS, JR., 003-32-9321  
SAMUEL J. BOLE, 521-60-2785  
PAUL S. BOLEN, 252-56-9863  
CAROLYN A. BONEN, 314-40-4848  
JOHN M. BORKY, 579-54-6565  
DENNIS P. BORLAND, 515-44-4582  
JONATHAN J. BORTNER, 165-36-4460  
RONALD G. BOSTON, 561-62-4769  
RONALD D. BOUVIER, 436-64-3973  
WILLIAM R. BOWMAN, 457-74-3068  
ALAN M. BOYCE, 291-36-1515  
CRAIG S. BRADFORD, 548-62-1924  
RONALD G. BRADLEY, 228-62-8099  
JAMES F. BRADY, 230-56-3617  
KENNETH L. BRADY, 322-34-0316  
THOMAS R. BRADY, 451-66-4268  
MICHAEL S. BRAKE, 156-36-4191  
DOUGLAS L. BRAZIL, 212-44-7973  
CHARLES W. BREWER, 236-66-1886  
DONALD R. BREWER, 424-42-1753  
ROBERT O. BREWER, 060-30-1698  
RONALD G. BROHAMMER, 345-38-2625  
JOHN W. BROOKS, 047-38-8909  
WILLIAM C. BROOKS, 453-62-2633  
ROBERT L. BROTZMAN, 203-34-2501  
OLIVER L. BROWER, JR., 210-34-5818  
CHARLES F. BROWN, JR., 185-36-7779  
HENRY A. BROWN, JR., 414-74-4649  
RICHARD E. BROWN, III, 447-46-8999  
TOMMY G. BROWN, 536-44-7498  
WILLIAM L. BROWN, 223-58-9533  
JAMES D. BRUNER, 453-62-9192  
JAMES A. BRUNSTING, 480-54-9362  
ROBERT E. BRYAN, 336-34-9976  
FLOYD BRYANT, JR., 411-70-1302  
WILLIAM H. BUCHHOLTZ, III, 219-34-6519  
JOHN E. BUCK, 570-58-7788  
BOBBY D. BUFFKIN, 237-68-7816  
JAMES J. BUNDSCHUH, 499-46-3854  
RICHARD B. BUNDY, 557-68-7270  
GARY F. BURCHELL, 553-64-8234  
GARY L. BURHITE, 478-50-9123



- DAVID K. BURKE, 542-48-8913  
 ROBERT P. BURKE, 043-34-4498  
 DAVID A. BURTT, II, 437-66-3669  
 HOWARD R. BUSCH, II, 282-42-5860  
 FREDERICK E. BUSH, JR., 569-60-0770  
 MICHAEL G. BYRNE, 585-09-4774  
 WILLIAM G. BYRNS, 498-46-7595  
 AL J. CALDWELL, 522-68-2862  
 WILLIAM R. CALDWELL, 323-36-2579  
 WILLIAM L. CALHOUN, 253-76-7361  
 THOMAS J. CALLANAN, 545-66-0921  
 JERROLD K. CALLEN, 278-44-3305  
 JOHN A. CAPUTO, 334-38-0835  
 THOMAS C. CARINGTON, 310-44-3012  
 DENNIS A. CARLSON, 533-50-6859  
 JOHN M. CARNEY, JR., 521-56-8503  
 ADELBERT W. CARPENTER, 585-58-3432  
 BILLIE R. CARPENTER, 573-62-5485  
 MICHAEL F. CARR, 224-58-7418  
 LEO T. CARROLL, III, 030-32-2119  
 DONALD E. CARSON, 057-36-2213  
 WILLIAM R. CARTER, 452-76-1710  
 WILBERTON A. CASTLEBERRY, JR., 256-74-1109  
 DONALD J. CAUGHLIN, JR., 569-60-8727  
 DANIEL B. CECIL, 288-38-3653  
 RICHARD J. CERVI, 226-60-0692  
 HARVEY L. CHADBOURNE, 553-66-3748  
 ROBERT K. CHADBOURNE, JR., 436-72-1075  
 RODNEY D. CHIAPUSIO, 393-42-3692  
 CHARLES R. CHRISTENSEN, 365-44-5841  
 WILLIAM A. CIMINO, JR., 134-34-3099  
 BRIAN H. CIOLI, 133-36-2188  
 ANTHONY T. CIRA, 496-54-6334  
 JOHN R. CLARK, 437-62-4538  
 MARK N. CLARK, 555-62-6775  
 PHILLIP C. CLARK, 568-56-3635  
 JAMES B. CLARKE, 231-62-9175  
 ROBERT G. CLARKSON, 524-54-4545  
 JERRY D. CLEARMAN, 428-76-5899  
 KENNETH D. CLONTS, 415-68-8294  
 RUFUS T. COBURN, III, 238-72-6777  
 ROGER L. COGSWELL, 326-38-5141  
 EDWARD D. COLE, 501-46-4661  
 ROGER T. COLGROVE, 564-58-3528  
 BRENT B. COLLINS, 554-66-8382  
 JAMES M. COLLINS, 573-34-8318  
 WILLIAM P. COMSTOCK, III, 524-56-2967  
 RICHARD S. CONIGLIARO, 489-46-8182  
 HUGH R. CONKLIN, JR., 046-38-7174  
 DANIEL V. CONNORS, 031-32-7699  
 ELLIOTT V. CONVERSE, III, 534-46-4751  
 ROBERT COOK, 294-32-0453  
 DANIEL A. COOLEY, 522-58-4818  
 DANIEL J. COONAN, III, 504-46-2656  
 RONALD T. COOPER, 416-64-7231  
 DONALD A. CORNELL, 275-40-1809  
 BRYAN J. CORY, 546-66-4660  
 STEPHEN D. COTTER, 248-84-3326  
 RONALD P. CRAIGIE, 094-38-4938  
 GREGORY L. CRANE, 541-48-4483  
 MICHAEL J. CREEDON, 164-34-9419  
 BARRY F. CREIGHTON, 219-46-4404  
 GEORGE J. CRICENTI, 001-34-0633  
 WILLIAM W. CRIMMEL, 173-38-0725  
 BURR L. CRITTENDEN, JR., 377-50-0814  
 THOMAS J. CROWLEY, 256-68-0022  
 DANIEL F. CRUM, 271-40-0156  
 HENRY G. CULBERTSON, III, 248-74-8515  
 WILLIAM D. CUMMINGS, 240-82-1145  
 FREDERICK H. CZERNER, JR., 261-68-3028  
 KENNETH A. DAGGETT, 543-48-1908  
 WILLIAM J. DALECKY, 387-50-1623  
 TIMOTHY E. DANFORTH, 277-44-6707  
 EDWARD L. DANIEL, 228-62-5918  
 CHARLES C. DANIELS, 448-44-6862  
 GEORGE H. DASH, JR., 555-80-2542  
 CHARLES E. DAUGHERTY, 431-78-0695  
 CULLEN L. G. DAVIDSON, 569-52-4417  
 DALE A. DAVIDSON, 515-44-6586  
 GORDON E. DAVIDSON, 074-34-7262  
 SALLY L. DAVIDSON, 520-48-9754  
 GEORGE A. DAVIES, JR., 228-56-5193  
 RAYMOND W. DAVIES, 140-38-4332  
 ARTHUR P. DAVIS, 559-60-8637  
 CURTIS A. DAVIS, 290-38-9523  
 DAVID C. DAVIS, 455-70-8023  
 JOHN L. DAVIS, 366-44-1027  
 PAUL B. DAVIS, JR., 241-78-4205  
 RICHARD S. DAVIS, JR., 240-60-0571  
 RICHARD W. DAVIS, 557-62-4196  
 DONALD J. DAWSEY, 131-34-4062  
 GARY L. DEAN, 511-42-5900  
 ANTHONY P. DEASCENTI, 094-36-9172  
 GARY D. DECKARD, 309-46-0878  
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#### WITHDRAWAL

Executive nomination withdrawn from further consideration by the Senate October 28, 1987:

#### NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

CHARLES A. MOSER, OF VIRGINIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1992. VICE SAMUEL DUBOIS COOK, TERM EXPIRED, WHICH WAS SENT TO THE SENATE ON MARCH 3, 1987.



# House of Representatives

WEDNESDAY, OCTOBER 28, 1987

The House met at 12 noon.  
The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

As we experience the complexities of a world come of age, cause us not to forget, O God, the importance of the witness of one person. Encourage by Your loving spirit, O God, every woman and man to see more clearly how they can take the abilities You have given and translate them into instruments of healing, of understanding and peace. This is our prayer. Amen.

## THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. RUSSO. 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. RUSSO. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 300, nays 102, not voting 31, as follows:

[Roll No. 379]

### YEAS—300

Ackerman	Borski	Conte
Akaka	Bosco	Conyers
Alexander	Boucher	Cooper
Anderson	Boxer	Coyne
Andrews	Brennan	Crockett
Annuzio	Broomfield	Darden
Applegate	Brown (CA)	Davis (MI)
Archer	Bruce	de la Garza
Atkins	Bryant	DeFazio
AuCoin	Bustamante	Derrick
Baker	Byron	DeWine
Barnard	Callahan	Dicks
Bartlett	Campbell	Dingell
Bateman	Cardin	Dixon
Bates	Carper	Donnelly
Bellenson	Carr	Dorgan (ND)
Bennett	Chapman	Dowdy
Bereuter	Chappell	Downey
Berman	Clarke	Dreier
Bevill	Clinger	Durbin
Bilbray	Coelho	Dwyer
Boland	Coleman (TX)	Dymally
Bonior	Collins	Dyson
Bonker	Combest	Early

Eckart	Lantos	Ravenel
Edwards (CA)	Leath (TX)	Ray
English	Lehman (CA)	Regula
Erdreich	Lehman (FL)	Richardson
Espy	Leland	Rinaldo
Evans	Lent	Ritter
Fawell	Levin (MI)	Robinson
Fazio	Levine (CA)	Rodino
Feighan	Lewis (GA)	Roe
Fish	Lipinski	Rogers
Flake	Lloyd	Rose
Flippo	Lowry (WA)	Rostenkowski
Florito	Lujan	Rowland (GA)
Foglietta	Lukens, Thomas	Roybal
Foley	MacKay	Russo
Ford (MI)	Manton	Sabo
Ford (TN)	Markley	Savage
Frank	Martin (NY)	Sawyer
Frost	Martinez	Scheuer
Garcia	Matsui	Schumer
Gaydos	Mavroules	Sharp
Gejdenson	Mazzoli	Shaw
Gibbons	McCloskey	Shays
Glickman	McCollum	Shumway
Gonzalez	McCurdy	Shuster
Gordon	McDade	Sisisky
Gradison	McEwen	Skaggs
Grandy	McHugh	Skelton
Grant	McMillen (MD)	Slaterry
Gray (PA)	Meyers	Slaughter (NY)
Green	Mica	Smith (FL)
Guarini	Miller (CA)	Smith (IA)
Gunderson	Miller (WA)	Smith (NE)
Hall (OH)	Mineta	Smith (NJ)
Hall (TX)	Moakley	Snowe
Hamilton	Mollohan	Solarz
Hammerschmidt	Montgomery	Spratt
Harris	Moody	St Germain
Hatcher	Morella	Staggers
Hawkins	Morrison (CT)	Stallings
Hayes (IL)	Morrison (WA)	Stark
Hayes (LA)	Mrazek	Stenholm
Hefley	Murphy	Stokes
Hefner	Murtha	Stratton
Hertel	Myers	Studds
Hochbrueckner	Nagle	Sweeney
Holloway	Natcher	Swift
Hopkins	Neal	Synar
Houghton	Nelson	Tallon
Howard	Nichols	Tauke
Hoyer	Nielson	Tauzin
Hubbard	Nowak	Taylor
Huckaby	Oakar	Thomas (GA)
Hughes	Oberstar	Torres
Hunter	Obey	Towns
Hutto	Olin	Traffant
Jeffords	Ortiz	Traxler
Jenkins	Owens (NY)	Udall
Johnson (CT)	Owens (UT)	Valentine
Johnson (SD)	Oxley	Vander Jagt
Jones (NC)	Packard	Vento
Jones (TN)	Parris	Visclosky
Jontz	Patterson	Volkmer
Kanjorski	Pease	Walgren
Kaptur	Pelosi	Watkins
Kasich	Pepper	Waxman
Kastenmeier	Perkins	Weiss
Kennedy	Petri	Wheat
Kennelly	Pickett	Whitten
Kildee	Pickle	Wilson
Kleczka	Price (IL)	Wise
Kolter	Price (NC)	Wolpe
Konnyu	Pursell	Wortley
Kostmayer	Quillen	Wyden
LaFalce	Rahall	Wyllie
Lancaster	Rangel	Yates

### NAYS—102

Armey	Billey	Burton
Badham	Boehlert	Chandler
Ballenger	Brown (CO)	Cheney
Barton	Buechner	Clay
Bilirakis	Bunning	Coats

Coleman (MO)	Kyl	Rowland (CT)
Coughlin	Lagomarsino	Saiki
Courter	Latta	Saxton
Craig	Leach (IA)	Schaefer
Crane	Lewis (CA)	Schneider
Dannemeyer	Lewis (FL)	Schroeder
Daub	Lightfoot	Schuetz
Davis (IL)	Lott	Sensenbrenner
DeLay	Lowery (CA)	Sikorski
DioGuardi	Lukens, Donald	Skeen
Duncan	Lungren	Slaughter (VA)
Edwards (OK)	Mack	Smith (TX)
Emerson	Madigan	Smith, Denny
Fields	Marlenee	(OR)
Frenzel	Martin (IL)	Smith, Robert
Galleghy	McCandless	(NH)
Gallo	McGrath	Solomon
Gekas	McMillan (NC)	Stangeland
Gingrich	Michel	Stump
Goodling	Miller (OH)	Sundquist
Gregg	Molinar	Swindall
Hansen	Moorhead	Upton
Hastert	Pashayan	Vucanovich
Henry	Penny	Walker
Henger	Porter	Weber
Hiler	Rhodes	Weldon
Inhofe	Ridge	Whittaker
Ireland	Roberts	Wolf
Jacobs	Roth	Young (FL)
Kolbe	Roukema	

### NOT VOTING—31

Anthony	Dornan (CA)	Roemer
Aspin	Fascell	Schulze
Bentley	Gephardt	Smith, Robert
Biaggi	Gilman	(OR)
Boggs	Gray (IL)	Spence
Boulter	Horton	Thomas (CA)
Brooks	Hyde	Torricelli
Coble	Kemp	Williams
Daniel	Livingston	Yatron
Dellums	Mfume	Young (AK)
Dickinson	Panetta	

□ 1210

Mr. LAGOMARSINO changed his vote from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 307. An act to designate the Federal Building and United States Post Office located at 315 West Allegan Street in Lansing, MI, as the "Charles E. Chamberlain Federal Building and United States Post Office."

## EDUCATION BUDGET CUTS

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

Mr. PERKINS. Mr. Speaker, I came here today to talk about something I consider to be a national priority. I am not here to try to fix blame for what

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

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



we all know is a bad situation. I am not going to talk about whether it is the Republicans' fault, the Democrats' fault, the Congress' fault or the President's fault.

But what I am going to talk about is something that we need to do, and that is make education a priority in our Government. The Gramm-Rudman sequestration that is coming up is going to cut \$1.8 billion from education programs.

In the Head Start Program we are talking about cutting over \$100 million blindly from this education program. As it is, we have 80 percent of the eligible children who are not being affected by this very successful program. Only 16 to 18 percent of the children are being affected by it who are eligible for the program. What this is going to do is cut another 40,000 children from Head Start. That is not right. We need to make education and the children of our country a national priority.

I urge the Members of the House to take whatever action is necessary to see that education is not once again placed on a back burner and we just go on not prioritizing our children for our future and tomorrow.

#### OMNIBUS BUDGET RECONCILIATION ACT OF 1987

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

Mr. MICHEL. Mr. Speaker, I hold in my two hands here a copy of the two volumes of the Omnibus Budget Reconciliation Act of 1987, 2,690 pages. It is printed in photo offset, which gives it an air of impermanence and haste as if the majority threw it together without quite knowing which page should go where.

The pages still retain handwritten notes, and on page 1476 there is a handwritten note that says, "Reconciliation sections divided in pink." That note then is signed simply, "MG."

Mr. Speaker, who is this mysterious MG who color coordinates your budget proposals to deal with our budget crisis?

Is MG an interior decorator brought in at exorbitant cost by the majority to outline in pink a reconciliation bill that will leave us in the red and make us blue because we are not in the black?

Back in 1981 when the Gramm-Latta bill came to the floor the majority wept crocodile tears because of its appearance, the same as we have today in this reconciliation bill, although that one was only one-third the size of this. And the Speaker, who was then majority leader, stormed about denouncing the fact that there were handwritten notes scribbled on the pages.

So now, 6 years later, the majority brings us this color coordinated symphony in pink which asks the crucial

question: Should we use real cheese on pizza?

This is a disgrace, legislatively, politically, philosophically, economically, and if I am any judge of the mysterious MG's desire to mark up Government documents in pink, esthetically as well.

This legislation also suggests the priority of the majority is not what is done but who gets the credit. Why else would we be rushing to judgment on reconciliation with all of its scribbling while bipartisan talks are going on? In my judgment, Mr. Speaker, this gives exactly the wrong signal.

Reconciliation ought to be deferred. It has no business being brought up in such a hurried fashion tomorrow, as it apparently is scheduled to be.

#### PRESERVING AMERICA'S RAILROAD INFRASTRUCTURE

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

Mr. MOLLOHAN. Mr. Speaker, there is one principle upon which American free enterprise is based: Success in the marketplace should depend on a businessman's ability to efficiently produce a quality product.

It's a great system. If you make something that somebody wants to buy—and you do a better job than your competitors of making this product—you will succeed.

You will succeed, that is, unless you are dependent on a railroad to market your product. Coal miners in West Virginia produce the cheapest, most plentiful energy source available in the United States today. Farmers in the Midwest seem to set productivity records every year. The best efforts of both these producers—and countless others across the country—can be rendered meaningless, however, by the arbitrary, shortsighted decisions of monopolist railroads.

In search of short-term profits, railroads across America are abandoning lines that provide the only link between producers in the heartland and their markets. While these abandonments can devastate local economies, railroads routinely go on to tear up the tracks that have been abandoned, destroying both an infrastructure that took decades to build and any hope for a return to prosperity.

Mr. Speaker, it is time to say "enough." I have introduced legislation that would stop the immediate physical destruction of rail lines following their abandonment, as well as making it tougher to abandon the lines in the first place. I invite my colleagues to join me in cosponsoring this bill.

□ 1225

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TAUZIN). The House will welcome the Governor-elect of the State of Louisiana, the Honorable Congressman BUDDY ROEMER.

#### WELCOME GOVERNOR-ELECT ROEMER

(By unanimous consent, Mr. HUCKABY was allowed to proceed out of order for 2 minutes.)

Mr. HUCKABY. Mr. Speaker, last Saturday was one of the finest days, one of the brightest days in Louisiana's history.

Louisiana chose our colleague, BUDDY ROEMER, to be our next Governor.

Mr. Speaker, we have worked here in this House with BUDDY for some 7 years now. We have come to appreciate one of the finest minds in the country; we have come to appreciate one of the greatest orators in the country.

BUDDY ROEMER ran an amazing campaign in Louisiana. For 1 long solid year, BUDDY ROEMER ran fifth in a five-man race. But then people began to ask: "Why not best? Why not the best?"

We started looking at and getting to know BUDDY ROEMER throughout the State, like we know BUDDY ROEMER here. And last Saturday we chose him by a large margin to be our next Governor.

We are going to miss him in this House.

My friend, your friend, our colleague, we wish the very best as Governor of the State of Louisiana, Congressman BUDDY ROEMER.

#### I PUT MY HEART ON THE TABLE—THANK YOU ONE AND ALL

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

Mr. ROEMER. I want to thank the Speaker for yielding me this time. I want to thank my colleague and yours, JERRY HUCKABY, for the nice introduction he gave; he gave it just like I wrote it and I really appreciate it.

I want to thank you for letting me come back one more time and being a part of a place I really love and already miss. I want to thank my colleague, BILLY TAUZIN. He, too, ran a terrific race. It was very tough.

BOB LIVINGSTON, on the other side of the aisle, did it proud, he did it right.

I will just say that no matter where I go and no matter how hard we work in our State, it is a time of opportunity for us.



Louisiana will not be visited by most people from America. You all know us only by our reputation.

I am hoping that from Saturday night forth you will take another look. It is a good State and a great State. I want to ask you when bills come on the House floor that affect Louisiana—but anyway, I will just close by saying that I am skinny and I am tired and I am lucky.

But I want to thank you for all your love and all your concern.

I will tell you how I won: I put my heart on the table; I just put it right out on the line and the people of Louisiana picked it up.

We have got a heck of a chance. Thank you all.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. (Mr. TAUBIN). The Chair would like to extend to the Governor-elect of the State of Louisiana his heartfelt congratulations and support, as I have already done privately.

BUDDY, I want you to know that all the hard words I had for you during the campaign were then sincerely meant but are just as sincerely regretted today.

We want you to succeed because when you succeed Louisiana will succeed with you.

You have, believe me, the entire support of our delegation here in Washington in your every effort.

Congratulations and good luck.

#### SMALL ISSUERS RELIEF ACT

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

Mr. CLINGER, Mr. Speaker, today I am introducing legislation designed to help small- and medium-sized cities more easily access the municipal bond markets. The bill I am offering modifies two provisions of the Tax Relief Act of 1986 that have proven to be particularly burdensome to the great majority of our Nation's local governments.

The Tax Reform Act, in attempting to address abuses that were occurring in the municipal bond market, imposed a number of requirements on cities large and small. The net result has been not to merely right the wrongs, they've thrown a wet blanket over the market, making it extremely difficult and expensive for municipalities to issue debt.

The modifications contained in my bill: First, raises the threshold for arbitrage rebate calculations so that local governments issuing less than \$25 million annually in tax-exempt bonds would be exempt for making the calculations; and second, it increases the private-purpose exemption from 10 to 25 percent for the same class of towns and cities; those issuing less

than \$25 million annually, again in tax-exempt bonds.

Many policymakers may not realize the bind our local governments now find themselves in. What they find particularly aggravating are the mixed signals being sent by Congress. On the one hand we reduce funding for public works purposes such as roads, bridges, and sewers, forcing towns, cities, counties, and others to rely on their own resources to pay for these very expensive projects. And on the other hand, Congress tightens up the Tax Code to the point of driving localities away from the option to self-finance, leaving them no option at all.

Mr. Speaker, modifying the arbitrage and private-purpose provisions is estimated to effect about 20 percent of the volume of municipal bonds issued annually, but interestingly, such modifications will be of significant help to over 85 percent of individual towns and cities.

So long as Congress continues to reduce funds made available to towns and cities, we ought to at least make it easier for them to self-finance their projects in the bond market.

I encourage Members to join me by cosponsoring this vitally needed legislation.

#### DISASTROUS GRAMM-RUDMAN AUTOMATIC SPENDING CUTS

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

Mr. ACKERMAN, Mr. Speaker, if budget reductions are not adopted by November 20, the disastrous Gramm-Rudman automatic spending cuts will take effect. Many vital programs would be severely crippled by conceding Congress' budgetmaking powers to an automatic formula which disregards the critical needs of our society.

Since President Reagan took office, subsidized housing has been reduced by two-thirds, at a time when the needs of the homeless and families with children have been seriously underserved. Many families have become homeless due to a lack of affordable housing. Last summer, Congress responded to this growing crisis by passing a \$725 million package of emergency aid. Ironically, sequestration would result in an estimated \$1,125 million loss in funding for subsidized housing and programs which assist the homeless across the country; 10,000 fewer families will be housed in assisted units than would otherwise have been housed. Many may find themselves in the streets.

The reconciliation bill before us is a reasonable effort to address our Nation's serious budget problems, without placing an inordinate burden on low- and middle-income Americans. It includes a 1-year prohibition against the Department of Health and Human Services from issuing regulations that would discontinue over \$90 million in

matching funds for the homeless. I urge my colleagues to support it. We can reduce the deficit by making the carefully thought out spending decisions we were elected to make.

#### LET US SOLVE THE BUDGET DEFICIT PROBLEM ON A BIPARTISAN BASIS

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

Ms. SNOWE, Mr. Speaker, it has long been my stated fear that the only thing that would spur Congress into action on the budget deficit would be some type of crisis. Our inaction or spurious action on the deficit in recent years only served to heighten that fear.

It has been inexcusable that this Congress has not taken responsible action to date in order to cut the deficit. And it has not been for lack of ideas or proposals: My colleagues in the 92 Group, for example, have offered sound, gimmick-free budgets in the past.

With the crash of the stock market, however, the critical event has occurred. Now, it would be well beyond irresponsible if we did not act immediately; it would be a failure of the greatest magnitude, failing our constituents, our country, and those who helped build this Nation.

The bicentennial year of our Constitution is no time to address this crisis through fiscal subterfuge and partisan bickering.

We must, and I hope we can, act responsibly, fairly and on a bipartisan basis to solve the deficit problem in the bipartisan negotiations already underway. That is why the reconciliation before this House should be deferred. It is a package that represents politics as usual and politics as usual carries with it a price tag our Nation cannot afford.

#### TAKE THE MX, PLEASE, SOMEBODY, TAKE THE MX

(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, the President's priorities are all screwed up. In fact, his policies are so misdirected that if he threw them at the ground they would probably miss.

He sponsored the biggest military buildup in American history and what has it gotten us? Fancy projects, no spare parts.

Take the MX, please, somebody, take the MX. Nineteen billion dollars' worth and now Les ASPIN says its guidance system is flawed.

Let us face it, not only is the MX a sitting duck, it is now a drunk turkey. It cannot even fly straight.



Let us start putting our finances in order and let us start today by shooting these turkeys down—that is, Mr. Speaker, if we have anything that can shoot straight around here.

□ 1240

#### PRIVATE SECTOR PROTECTION FROM THE COSTS OF A CATASTROPHIC ILLNESS

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

Mr. SLAUGHTER of Virginia. Mr. Speaker, I opposed the so-called catastrophic illness protection legislation which passed the House earlier this year, but I favor providing our elderly with protection against the catastrophic costs associated with a long hospital stay.

Therefore, I have introduced legislation, (H.R. 3490), along with my colleague, Congressman DAN LUNGREN of California, that would provide protection for a significant portion of our elderly population against the costs of a long hospital stay by restructuring the Federal regulations that govern private Medicare supplement insurance policies.

About 70 percent of elderly Americans who are on Medicare also have their own policies, called Medigap policies, to supplement their Medicare coverage. Under current law, however, this coverage may be terminated before all the hospital and doctor care needed by a patient is utilized. Our bill would eliminate that possibility, requiring Medigap policies to provide unlimited hospital and doctor care after a maximum payment of \$2,000 out of pocket yearly, as originally proposed by the President.

I fully recognize that the provisions contained in our legislation do not represent a complete solution to the problem of large medical bills. However, our bill could provide protection for many of the elderly, at no cost to the Federal Government and without putting any additional pressure on our already strained Medicare system, as the House-passed bill does.

#### DEFICIT REDUCTION IS NEEDED NOW

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

Mr. JOHNSON of South Dakota. Mr. Speaker, I rise today to join with my colleagues who are advocating that Congress and the President come to a bipartisan agreement, once and for all, on dealing with the budget deficits that have been racked up over the past 6 years.

In less than 1 month, if Congress and the President have still failed to do the jobs we were elected to do, the American economy, including our rural American economy, will be se-

verely damaged by the nonprioritized cuts that will occur.

In South Dakota, where agriculture is our No. 1 industry, we stand to lose more than \$60 million in farm income if the sequestration cuts take place.

Cuts in Medicare and Medicaid, the Older Americans Act, housing for the elderly, and other essential programs will devastate our elderly population.

Furthermore, the impacts on our veterans and our students, should make sequestration unthinkable.

Let's act now, for the good of the American economy, and its people. Let's make the cuts that are needed. Let's close the tax loopholes that continue to rob our middle class for the benefit of the wealthy. Let's prove we can do the job we were elected to do.

#### CRISIS THREATENS, BUT BUSINESS AS USUAL

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

Mr. LOTT. Mr. Speaker, the bipartisan group of negotiators have been meeting yesterday, this morning, and again this afternoon, and they will be meeting all of this week, including Friday and probably Saturday. While no agreements have been reached, it has been basically in a bipartisan and positive spirit. Yet every time I leave those meetings and come back over here, it is business as usual, partisanship, insisting on doing things the way the Democratic leadership has planned.

While we are trying to negotiate, while the markets are looking at what is happening in those meetings, we are over here in the House going forward with business as usual, insisting on bringing up a reconciliation bill that is nothing more than a tax increase. It is not good faith to go forward and get us all locked in an acrimonious debate on this reconciliation package. I urge the leadership once again to pull that down and give the negotiators an opportunity to do the job we should be doing.

Second, in further proof of the arrogance in the way things are done around here, I have been around this institution now for 19 years and I continue to see things I never would have believed. Yesterday the Rules Committee put in the rule on the credit card disclosure bill a waiver of the rule requiring a quorum to be present to legislate. That is the final blow, Mr. Speaker. We do not even need to have the Members present to make a quorum; let us just shove it on through and let the Rules Committee waive every last rule and requirement we must have.

It is a sad commentary, Mr. Speaker. If we want to go forward in good faith, we have to stop that type of abridgment of the rights of the Members of this institution.

#### THE MURDER OF HERBERT ANAYA

(Mr. WEISS asked and was given permission to address the House for 1 minute.)

Mr. WEISS. Mr. Speaker, death squads are back at work in El Salvador. Two days ago, Mr. Herbert Anaya, the head of the nongovernmental human rights commission was brutally assassinated by rightwing death squads in San Salvador as he left home to drive two of his children to school.

It is the Salvadoran Government security forces which must be held responsible for the brutal murder of Herbert Anaya. Everyone knows that the security forces have never truly attempted to impede the work of the death squads. In the past, the Salvadoran military has actually worked with the death squads to terrorize innocent civilians. And if the record is any indication, Mr. Anaya's murderers, like the past death squad killers, will never be brought to justice.

Mr. Anaya is the fourth member of the human rights commission to be murdered since 1980. I call on President Duarte and the Salvadoran Government to ensure that others active in human rights work be protected from the death squads that still reign in El Salvador. I call on the Reagan administration to insist that death squad murderers be brought to justice.

#### MEMBERS URGED TO VOTE NO ON RULE FOR CREDIT CARD SAVINGS ACT

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

Mr. DREIER of California. Mr. Speaker, we have all just congratulated our colleague, the gentleman from Louisiana [Mr. ROEMER], for his spectacular campaign in that great and fair election which took place last Saturday in Louisiana. I think it is important for us to realize that the issue of fairness is one which should also be recognized here in the House of Representatives.

As my colleague, the gentleman from Mississippi [Mr. LOTT], just said, we have thrown fairness completely out the window as we begin to address this rule on what I think is very important legislation, legislation which I support, and that is the credit card bill which is due to come up. But fairness was thrown out the window, Mr. Speaker, because, unfortunately, up there in the Rules Committee they waived rule XI which requires that a quorum be present when the bill is marked up. That is the one vehicle that the minority in this House has to guarantee this degree of fairness.

Mr. Speaker, in the name of fairness, I urge a no vote on the rule when it comes up today.



# SUPPORT ASKED FOR ANNUNZIO AMENDMENT TO CREDIT CARD DISCLOSURE ACT

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

Mr. ANNUNZIO. Mr. Speaker, today, Members of the House will have an opportunity to cast a vote against high interest rates. When H.R. 515, the Credit Card Disclosure Act is debated today, I will offer an amendment that will place a cap on credit card rates and stop the big banks from charging loan shark interest rates on credit cards. If you vote against the amendment you will be voting for high interest rates and in favor of the plastic loan sharks.

My amendment is supported by every major consumer group in the country as well as the American Association of Retired Persons. The people that oppose my amendment are the big banks and the large retailers. There are more than 100 million people in this country who have credit cards and they are tired of having to pay high rates on their cards when other rates are falling. They want you to vote to stop the high rates.

Today you have an opportunity to do what your constituents want. You can vote for low interest rates and help your constituents or you can vote for high interest rates and help the banks. Your constituents are waiting for your answer.

# BIPARTISANSHIP EVIDENCED IN RECONCILIATION CONSIDERATION

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

Mrs. MARTIN of Illinois. Mr. Speaker, through long years I have worked in democratic legislative bodies and enjoyed often working closely with my colleagues across the aisle, whether it was in the Illinois House, the Illinois Senate, or here. But I think bipartisanship is getting a very bad name this week, and I would like to distance myself from a concept of bipartisanship, which means that only one side gives and the other taketh away.

What we are talking about in a potential purported reconciliation bill is increasing the taxes on Americans without in any way disturbing the incredibly dreadful trend of increased spending.

Mr. Speaker, the average increases in appropriation bills that we have passed around here are about 7 percent. There are no cuts in a reconciliation bill. I urge my President as part of the leadership to meet with the Democrats. The response from our current Speaker has been a stubborn refusal to remove from the schedule a flawed bill that will further distress anyone who knows anything about ec-

nomics in America. Bipartisanship is killed by the Democrats of the House.

# UNREST IN PANAMA

(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, there are reports today that General Noriega, the despot that rules Panama, has been involved in providing cluster bombs to the Nicaraguan Government. This is another example of General Noriega's hostility toward the United States and peace in the region.

Last week Panama City was under a complete state of siege. In reaction to a planned demonstration by the opposition, General Noriega and his troops invaded the streets, spreading a wave of terror throughout Panama City.

Panama is under siege, and the common denominator of all the Panamanian people is simple—get Noriega out. It is clear that Noriega is desperately trying to stay in power. He has been alleged to be a drug trafficker, and has laundered money and committed a number of human rights violations. He is extremely hostile to the United States.

Mr. Speaker, the Congress and the administration must cease all aid to Noriega's government, stop all loans, and eliminate the sugar quota. "Baby Doc" is gone, Marcos is gone. Whatever the United States can do to shove Noriega out is in order.

# A LETTER TO PRESIDENT REAGAN

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

Mr. FIELDS. Mr. Speaker, the gentleman from Idaho [Mr. CRAIG] and I have a letter we are sending to the President today, and we are going to invite our Democratic colleagues to join in this letter. So if anyone has any interest in signing, please see me or Mr. CRAIG. The letter is to the President, and it says:

DEAR MR. PRESIDENT: At this time of economic summity when the attention of the Nation is focused on the urgent need to reduce our budget deficits, we, the undersigned Members of Congress, strongly urge you to insist on the inclusion of a constitutional amendment mandating a balanced Federal budget in any compromise package. If this is not possible, we strongly urge you to insist on a promise from the House and Senate leadership that we will have submitted to us an up or down vote on such a balanced budget constitutional amendment prior to the enactment of any compromise package by the Congress.

Mr. President, with more and more Americans now coming to understand the dire economic effects of uncontrolled government spending, this is an historic opportunity to make a balanced budget the law of the land. We urge you to seize this opportunity.

We sign it, "Sincerely."

So, Mr. Speaker, we encourage our good friends on the other side of the aisle to please sign this letter in a bipartisan fashion and send a message to President Reagan.

# WELFARE REFORM BILL WOULD CORRECT CHILD SUPPORT PAYMENT PROBLEMS

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

Mr. DONNELLY. Mr. Speaker, during this year's debate over welfare reform, and during the hearings that the Subcommittee on Public Assistance has on that subject, one fact became painfully obvious: Many children in single-parent families are not getting the child support payments to which they are legally entitled.

The welfare reform bill, which is scheduled this week, takes one giant step toward correcting this problem. First, the bill requires that States use a uniform series of guidelines in setting child support awards.

Second, the bill contains provisions which encourage States to enact mandatory wage withholding laws. Under this concept, States would get incentives to enact laws similar to those already in place in Massachusetts and Texas, which provide for withholding payments from the noncustodial parent's wages immediately upon the entering of a child support order.

When so many children in our country live in poverty, it is inexcusable that so many of these children do not receive the child support to which they are legally entitled. Able-bodied fathers should pay for the cost of raising their children, not the taxpayer. The bill reported by the Committee on Ways and Means will make sure that happens!

# WAVING THE "TERRIBLE TAX TOWEL"

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

Mr. ARMEY. Mr. Speaker, push has come to shove. The American people are demanding that we do something to reduce the deficit.

The great debate raging in this town is: Will we do that by decreasing spending or by increasing taxes?

We have a budget summit that addresses that issue, and we will have action here in the House that addresses that issue.

Mr. Speaker, I would like to speak for myself and for several of my colleagues in this body and say that I wish to show the Members this "terrible tax towel." We intend to wave the terrible tax towel; we do not mean to throw in the terrible tax towel.



# THE OMNIBUS BUDGET RECONCILIATION ACT OF 1987

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

Mr. DUNCAN. Mr. Speaker, I cannot state in terms too strong the reasons why my colleagues should vote against the reconciliation package scheduled to be on this floor tomorrow. The revenue part alone is enough to warrant a "no" vote.

The revenue portion represents a huge tax increase of about \$60 billion over 3 years. It would become effective at a time when the American taxpayer is most vulnerable and can least afford the burden. I merely want to highlight now one or two of the worst elements of this legislation, but I am not, by any means, implying that the others are acceptable in any respect.

One provision, merely for example, imposes a penalty on both employees and employers who have access to so-called insurance cafeteria plans. Under current law, an employee who has the option to take cash in lieu of benefits is not subject to income tax or FICA and FUTA taxes on the cash option, unless he or she elects to receive the cash in hand. The bill to be considered tomorrow would limit this rule to cafeteria plans which allow a cash option of \$500 or less. If an employee elects to receive more than \$500 in cash, then the entire amount received becomes subject to taxation—even if it is not actually received. This effects thousands of low income taxpayers.

I am sure that many of my colleagues already have been approached by workers and employers who would find this kind of limitation extremely damaging to their interests.

Another section that poses real problems deals with bus operators. Under current law, both private and public operators, and State and local governments, are exempt from most highway trust fund excise taxes. The committee bill repeals that exemption for private bus operators, but not State and local governments. I would guess that many of my colleagues representing rural areas would be hearing from those folks, too.

Standing out like a huge "sore thumb" in the committee bill is a section dealing with corporate takeovers. It would impose a 50-percent non-deductible excise tax on so-called greenmail gain on stocks that are held less than 2 years by certain persons. There are other penalties imposed under this section.

Now, I do not agree with a lot of the activities that have taken place in this country with respect to corporate takeovers, but I have been told by people who understand the market very well, indeed, that this one provision has accounted for much of the panic associated with "Black Monday" and "Black and Blue Tuesday."

Obviously, I could stand here and recite, on and on, other offensive parts

of this legislation. I cannot do it, however, in 1 minute or less. But I think the message is clear. This is a bad bill at any time. It is a terribly bad bill at this time.

□ 1255

## DEFEAT HOUSE RESOLUTION 292

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, the rule we are about to consider has to be one of the worst in the history of the House of Representatives. Not only do we have a situation now where committees are allowed to use proxy votes to pass major legislation, but now under the rule we are about to consider we are going to say that the committees do not even have to have warm bodies in the room in order to pass out legislation. Not since the days of Uncle Joe Cannon has there been such a consistent pattern of the corrupt use of power in the House of Representatives. In my opinion the Committee on Rules should be embarrassed for what they are doing in this House.

This Speaker has consistently asked for rules that violate the spirit of the rule of law in this land and amount to the kind of exercise of power that are more characteristic of tyrannies than of democracies.

Defeat this rule. It is about time we got some sense around this place.

## PROVIDING THAT THE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN MAKE ITS FINAL REPORT TO THE HOUSE NOT LATER THAN NOVEMBER 13, 1987

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules be discharged from the further consideration of the resolution (H. Res. 294) providing that the Select Committee to Investigate Covert Arms Transactions With Iran shall make its final report to the House not later than November 13, 1987, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore (Mr. TAUBIN). Is there objection to the request of the gentleman from Florida?

Mr. QUILLLEN. Mr. Speaker, reserving the right to object, and I will not object to the request made by the chairman of the Rules Committee and, as the ranking Republican member of the Rules Committee I wish to express my support for this resolution to extend the reporting deadline of the Select Committee to Investigate Covert Arms Transactions With Iran until November 13, 1987. This resolution is cosponsored by the chairman and ranking Republican member of that select committee. This has been a hard-working select committee, and

the 13 extra days are necessary to allow the report to be done properly.

Mr. Speaker, under my reservation, I yield to the gentleman from Florida [Mr. PEPPER], the chairman of the Rules Committee, for an explanation of the resolution.

Mr. PEPPER. Mr. Speaker, if the gentleman will yield, I would be pleased to respond to the request of the gentleman.

Mr. Speaker, House Resolution 12 was adopted by the House on January 7, 1987. That resolution established the Select Committee to Investigate Covert Arms Transactions With Iran. The resolution provided the means for appointment of members of the select committee, defined the matters which were to be considered in its deliberations, and authorized the select committee to hire staff and incur expenses related to its investigations.

In addition, paragraph (12) of House Resolution 12 directs the select committee to:

Report to the House the final results of its investigation and study \* \* \* as soon as practicable \* \* \* and in no event later than October 30, 1987 unless the House directs otherwise.

The resolution also provides that following the filing of its final report, the select committee is to have 1 month's time in which to wrap up its affairs after which its authority under the resolution is to expire.

Mr. Speaker, it is my understanding that while the select committee anticipates that it will be prepared to vote on a report in the very near future, it will not be able to meet the October 30 filing deadline. House Resolution 294 merely extends the deadline, allowing the select committee to have until November 13, 1987, to submit its final report to the House. The resolution would make no changes to the provisions of House Resolution 12.

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

Mr. QUILLLEN. Mr. Speaker, further reserving my right to object, I yield to the gentleman from Indiana [Mr. HAMILTON].

Mr. HAMILTON. Mr. Speaker, the purpose of this resolution is very simple. House Resolution 12, the authorizing resolution of this committee, directs us to report to the House not later than this Friday, October 30, 1987. This resolution would extend the committee's filing deadline by 2 weeks to November 13, 1987. The resolution makes no other changes in the provisions of House Resolution 12.

The committee has nearly finished its final report which, when complete, will number over 1,000 pages. Due to several factors, principally the need to submit our report to the White House for declassification, we will not be able to file by October 30. The declassification process should be complete some time next week, enabling the committee to meet the November 13 deadline.



The ranking member of the committee, Mr. CHENEY, joins me in requesting this extension. I should also point out that the other body has approved an identical extension for our counterpart committee.

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

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

There was no objection.

The Clerk read the resolution, as follows:

#### H. RES. 294

*Resolved*, That, notwithstanding House Resolution 12, One Hundredth Congress, agreed to January 7, 1987, the Select Committee to Investigate Covert Arms Transactions with Iran shall make its final report to the House not later than November 13, 1987.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### PROVIDING FOR CONSIDERATION OF H.R. 515, FAIR CREDIT AND CHARGE CARD DISCLOSURE ACT OF 1987

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 292 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

#### H. RES. 292

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 515) to provide for more detailed and uniform disclosure by credit card issuers with respect to information on interest rates and other fees which may be incurred by consumers through the use of any credit card, and the first reading of the bill shall be dispensed with. All points of order against consideration of the bill for failure to comply with the provisions of clause 2(1)(2)(A) of rule XI are hereby waived. After general debate, which shall be confined to the bill and which shall not exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Banking, Finance and Urban Affairs now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and each section shall be considered as having been read. It shall be in order to consider the amendment printed in the report of the Committee on Rules accompanying this resolution, by, and if offered by, Representative Annunzio of Illinois, said amendment shall be debatable for not to exceed one hour, to be equally divided and controlled by the proponent and a Member opposed thereto, and all points of order against said amendment for failure to comply with the provisions of clause 7 of rule XVI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and

any member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

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

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Ohio [Mr. LATTI] pending which I yield myself such time as I may consume.

(Mr. FROST asked and was given permission to revise and extend his remarks.)

#### □ 1305

Mr. FROST. Mr. Speaker, House Resolution 292 is an open rule providing for the consideration of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987. The rule provides for 1 hour of general debate, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Finance and Urban Affairs.

Mr. Speaker, the rule includes a waiver of clause 2(1)(2)(A) of rule XI against consideration of H.R. 515. Clause 2(1)(2)(A) of rule XI prohibits the consideration of any bill reported when a quorum of the committee was not present. The Committee on Rules has reluctantly included this waiver in the rule based on the testimony presented to the committee during the hearing on the bill yesterday. At that hearing, the committee concluded that no clear evidence had been presented to the committee, either by those Members testifying or from the transcript of the Banking Committee, on whether a quorum had or had not been present at the time H.R. 515 was ordered reported. Further, because this bill had been scheduled for floor consideration for the day following the meeting of the Committee on Rules, it was not possible for the Banking Committee to reconvene and report the bill again with a quorum in attendance. Mr. Speaker, the Committee on Rules has included this waiver in the rule with great reluctance and urges every committee of the House to take great care in the future to insure that this rule of the House is not violated. The Committee on Rules wishes to stress that by granting this waiver the committee does not intend to set a precedent.

The rule also provides that during consideration of the bill for amendment, that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Banking, Finance and Urban Affairs now printed in the bill as an original bill for the purpose of amendment under the 5-minute rule. While the rule recommended by the Committee on Rules is an open rule allowing the consideration of any ger-

mane amendment, the committee has specifically made in order in the rule the consideration of an amendment by, and if offered by, the gentleman from Illinois [Mr. ANNUNZIO]. The Annunzio amendment seeks to impose an interest rate cap on credit cards at 8 percent over Treasury bill rates. The amendment is technically nongermane to H.R. 515 as reported from the Banking Committee, and to permit its consideration, the rule waives clause 7 of rule XVI, the germaneness rule, against the amendment. The rule also provides that the amendment shall be debatable for 1 hour with the time equally divided and controlled by the proponent of the amendment and a Member opposed thereto.

The rule provides that at the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and further provides that any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. Finally, the rule provides that the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. Speaker, as reported by the Banking Committee, H.R. 515 is a finely crafted legislative response to the confusion that currently exists for many consumers in the credit card marketplace. The bill, which is supported by industry and consumer groups, would require the issuers of credit cards to clearly and precisely inform consumers of the terms of the credit being offered. And, most importantly, this information would be required to be made available before a potential cardholder actually opens an account, thus affording the consumer the opportunity to shop for the best rates and terms available. The Committee on Banking is to be commended for bringing this important legislation to the House for consideration.

However, Members know that the amendment proposed by the gentleman from Illinois [Mr. ANNUNZIO] is an amendment of some controversy. Because it is a proposal that could fundamentally change the credit card marketplace, the Committee on Rules has provided 1 hour of debate on the amendment in order that all Members may have the opportunity to hear arguments in favor and in opposition to this proposal.

Mr. Speaker, House Resolution 292 is a fair rule: Any germane amendment may be offered to the bill or to the committee substitute and the Annunzio amendment is also subject to amendment. I urge my colleagues to support the rule in order that the House may proceed to the consider-



ation of this most important legislative proposal.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, this is an open rule, but it includes two very significant waivers of points of order.

This rule waives the germaneness rule in order to permit consideration of the Annunzio amendment. The Annunzio amendment provides for a cap on credit card interest rates at 8 percent over the yield on 1-year Treasury securities. Mr. ANNUNZIO's amendment deals with the regulation of interest rates on credit card purchases while H.R. 515 is a disclosure bill. There are varying interest rates charged on credit cards across this country and many people believe a cap will cause interest rates to rise to the cap where they are now below the same. In addition, many believe a goodly number of lower income people will be denied credit cards by reason of such cap. The bill as reported by the committee has the support of a broad coalition of interested parties and they fear that the granting of this waiver may damage the balance existing between the supporters and ultimately endanger passage of the bill. An effort to delete the germaneness waiver from the rule was not successful in the Rules Committee.

Mr. Speaker, the other waiver in this rule waives the requirement that a quorum must be present in order to report the bill. This is a very dangerous procedure, Mr. Speaker. If we ever get to the point where committees are routinely allowed to report bills without a quorum of members present, there is no end to the mischief which could result. It is a situation which invites abuse if a few members can meet, put together a deal which may not be in the national interest, and then obtain a rule to protect themselves from a point of order.

The requirement that a quorum be present to do business is one of the most important safeguards in a legislative body.

What is more frustrating in this case, Mr. Speaker, is that the committee report states and I quote, "the full Banking Committee, with a quorum present, ordered H.R. 515, as amended, favorably reported by a voice vote at its markup on August 6, 1987." Testimony before the Rules Committee contradicted this fact.

There was a motion from the Republican side to delete the waiver of no quorum, but it was voted down by the committee majority.

Mr. Speaker, neither waiver should be in this rule. I therefore urge defeat of the rule.

Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I rise in opposition to the rule for many of the

same reasons the gentleman from Ohio just specified, but in particular because of the waiver with regard to the provision that we need to have a quorum to report a bill.

The committee claims that they are doing this with great reluctance. I am sorry, but I am getting a little tired of the Rules Committee coming to the floor telling us they are doing things with great reluctance. We have heard time after time that phrase used out here when we have gotten bad rules brought to the floor. But this is one of the worst, because at the very least we ought to protect the ability of committees to work with a quorum present.

This rule now takes us down the road where we are going to not even have to have warm bodies in the room. That is terribly wrong.

And I hate to raise the issue, but doggone it, in this case somebody is lying. We have got the committee report before us that says that there was a quorum present. Now we have a rule before us that says that there may not have been a quorum present. Now what is the truth? I guess I have to ask the question. Did the Rules Committee not believe the committee report? I would ask the gentleman from Texas [Mr. Frost] is the committee report in error? Did the committee not believe the Committee on Banking, Finance and Urban Affairs that there was a quorum present?

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

Mr. WALKER. I am glad to yield to the gentleman from Texas.

Mr. FROST. Mr. Speaker, I would only comment that there was conflicting testimony during the Rules Committee by members of the committee on this question, and a proponent of the legislation, a Member of the body who was a proponent of the legislation, testified to the Rules Committee that as far as he recalled there was not a quorum present.

So I would only say to the gentleman that there was a conflict in the testimony at the time of the Rules Committee, and out of an abundance of caution the Rules Committee then put this waiver in.

We could have ignored it, that is correct. We could have said it is in the committee report, let us ignore that testimony that was given to the Rules Committee.

Mr. WALKER. But in light of the confusion about the issue, the Rules Committee instead decided to violate one of the most time honored traditions of a legislative body, and that is that you work with a quorum present. That is not a standard that I would regard as being great reluctance on the part of the Rules Committee. It seems to me that the Rules Committee has decided that the report may have been wrong, and so if the report may have been wrong what they are willing to do is roll over and allow a provision to be put in the rule that abandons the need for a quorum.

Mr. FROST. Will the gentleman yield further?

Mr. WALKER. Sure, I am glad to yield to the gentleman from Texas.

Mr. FROST. The testimony before our committee was that there was a voice vote in the committee and that in the full Committee on Banking, Finance and Urban Affairs there was no opposition at the time the voice vote was taken. So because of the ambiguity of the question of whether a quorum was present, truly present, and this was not apparently a closely contested matter within the Committee on Banking, Finance and Urban Affairs, the Rules Committee made a judgment, and I understand the gentleman's argument. The gentleman certainly has the right to make the argument.

Mr. WALKER. Let me say to the gentleman, in light of proxy voting and in light of this statement, we are in bad trouble.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. WYLIE].

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

Mr. Speaker, I associate myself with the remarks of Mr. LATTA, and urge the defeat of this rule.

Mr. Speaker, while I strongly support the bill as reported by the Banking Committee, I cannot support the rule under which the bill is being brought before the full House. I cannot support the rule for two reasons. First, the rule waives clause 2(1)(2)(A) of rule XI—prohibiting consideration of legislation reported when a quorum of the committee was not present—against consideration of the bill. Mr. Speaker, I was present when the full Banking Committee reported H.R. 515 on August 6. Although the bill was reported unanimously on a voice vote, the transcript of those proceedings clearly shows that 32 members were present when the meeting was called to order by the chairman. The transcript further shows that no member questioned the absence of a quorum. So why are we now assuming that a quorum, in fact, was not present? Why is this waiver necessary?

If a quorum were, in fact, not present, this bill should not be brought to the House floor. A waiver of this type establishes a potentially dangerous precedent under which a small minority of committee members could bring legislation not approved by a majority of the committee's members to the House floor simply by securing a waiver.

I am also opposing the rule because it waives clause 7 of rule XVI which prohibits nongermane amendments so that my distinguished colleague from Illinois can offer an interest rate cap amendment.

Mr. Speaker, this waiver undermines the integrity of the committee system in the House. The Banking Committee



concluded after extensive hearings not to include an interest rate cap in what is otherwise a disclosure bill. Where will the second-guessing of the relevant committee's expertise end?

Mr. Speaker, this rule undermines the procedures so necessary for the orderly functioning of the House and I urge my colleagues to vote "no" on the rule.

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 5 minutes to the gentleman from Illinois [Mr. ANNUNZIO].

(Mr. ANNUNZIO asked and was given permission to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Speaker, I rise in strong support of the rule. I want to thank the gentleman from Texas [Mr. Frost] and all of the members of the Rules Committee, and especially the distinguished chairman of the Rules Committee, Mr. PEPPER, for structuring a rule so that I may offer my credit card cap amendment.

The amendment that I will offer is a very simple amendment. It allows Members of this body to go on record publicly as voting for or against high interest rates.

In the 23 years that I have been a Member of this body, I have heard thousands of speeches condemning high interest rates, and I have made some of those speeches. Today, however, is one of the few times that Members will actually be able to vote against high interest rates. Or, it is also an opportunity for those that are for high interest rates to let the world know their position.

Unfortunately, even though my amendment is a referendum on high interest rates, there are those who will seek to use the floor here today to disguise the true purpose of my amendment. As the author of the amendment, I want to make it clear that it has only one significance, one meaning, and one application. It is an amendment against high interest rates and for low interest rates. Regardless of what else you hear today, there can be no other interpretation placed on my amendment.

What my amendment says is that the maximum rate of interest that can be charged on a credit card is 8 points above the yield on 1-year Treasury securities. If that rate were in effect today, the maximum interest that could be charged on a credit card would be 15.03 percent, well below the national average on credit cards of nearly 18 percent. Some credit card issuers are charging rates that are 21 and 22 percent. My amendment does not place an artificial ceiling on credit card interest rates, but rather allows the rate to go up or down based on market conditions. It allows credit card companies to make a legitimate profit based on market conditions, but protects the consumer from paying artificially high credit card rates.

Mr. Speaker, this is the House of the People, and the people want a ceiling

on credit card interest rates. In a recent NBC poll, nearly 80 percent of those interviewed favored a Federal cap on credit card interest rates, even if it meant that they would lose their credit cards because of higher economic standards placed on credit card ownership by credit card companies.

We will be told during debate today that we should not vote on my amendment because it is opposed by the bankers, the retailers, the banking agencies, the administration, and by some newspapers such as the New York Times. But this is the House of the People, it is not the House of the banks. It is not the House of the retailers. It is not the House of the bank regulatory agencies. It is not the House of the administration. And it is not the House of the New York Times. It is the House of the People. And the people want the Annunzio amendment.

Every major consumer group in the country including, Consumers Union, Consumer Federation of America, U.S. Public Interest Research Group, and Public Citizen's Congress Watch, support my amendment, as well as the American Association of Retired Persons. There are the people. These are the people this body represents.

This is the type of vote that every Member of this body should relish. Because this is such an important issue, newspapers across the country will be carrying the results of this vote. And those special columns that appear in all of our hometown newspapers which spotlight House Members' votes on critical issues is certain to use today's vote to show the voters in your district whether you are for or against high interest rates.

More than 100 million Americans own 700 million credit cards, and they are fed up with paying the loan shark rates being charged by the credit card companies. The House of the People has an opportunity to do something about it today. We have an opportunity to do the work of the people or the work of the banks. The banks want high interest rates, the people want low interest rates. The Annunzio amendment is what the people want, and I urge adoption of the rule so that this House can vote on the question of whether we give the people high or low interest rates.

□ 1320

And I want to say to you in conclusion that if banks cannot make money at 15½ percent interest then they should get the hell out of the banking business.

#### PARLIAMENTARY INQUIRY

Mr. SENSENBRENNER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. (Mr. TAUBIN) The gentleman will state it.

Mr. SENSENBRENNER. Mr. Speaker, how many Members are present now?

The SPEAKER pro tempore. The Chair cannot respond to that as a parliamentary inquiry.

Mr. LATTI. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. HILER].

(Mr. HILER asked and was given permission to revise and extend his remarks.)

Mr. HILER. I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to this rule. What we are going to do with this rule is to grant a waiver of the point of order against a nongermane amendment. Now the bill that we will have before us today is a bill that tries to increase the amount of disclosure that consumers will have when they apply for or are solicited by credit card companies for credit cards.

The credit card disclosure bill is, to use an overly used phrase, but it is a "very well-crafted compromise" between consumer groups and those that issued credit cards.

If we upset that carefully crafted compromise this bill will never become law and the consumers will not be helped.

So I oppose this rule because it makes in order an amendment that is nongermane, that puts at risk the future of any type of disclosure bill.

The second main reason I am opposed to this rule is because I am opposed to this amendment. The idea that somehow we ought to have price controls on interest rates at the Federal level is an idea whose time has never come and will never come. It is a bad idea. It is a particularly bad idea on credit cards. There is no free lunch. If we try to impose caps on interest rates, the cost, the legitimate cost that credit card issuers face will be passed on in some other means. It will be passed on in terms of an elimination of a grace period.

Today most people who have a credit card, if you make a purchase you have 25 days from the time you make that purchase until such time as you may have to pay for that item.

That is a time period in which no interest is charged.

Now nearly half of the people that use credit cards pay their bills on time and do not maintain any type of transaction balance, which means that for those individuals, the cost of having a credit card is going to go up even if there is a limit on the amount of credit card interest rates that could be charged.

The second thing that might happen is that the annual fees will increase. Many cards charge an annual fee of anywhere from \$25 to \$50.

If there is a cap placed on interest rates, then in fact the annual fees may well be increased.

Once again, for those people that never paid any interest, they are going to have the cost of the credit card go up.



Third, the merchants who accept the credit cards may well have an increase in their discount which means that the credit card issuers will charge the merchants more to process those billings.

Fourth, there may very well be a restriction of credit. Low-income individuals and moderate-income individuals will have their access to credit limited. And fifth, we may see an imposition of a processing fee for transactions.

Each and every purchase that is made with a credit card may have a processing fee.

For all these reasons we may see an increase in the other costs that go along with the credit card.

People have credit cards for a variety of reasons, only one of which is for the unsecured line of credit. During the debate we will go into more of these reasons.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. I thank the gentleman from Ohio for yielding.

Mr. Speaker, I am opposed to this rule. While I am all in favor of full disclosure, this present rule allows for an amendment to place a cap on interest rates which I am sure that we are all opposed to. I have served with the gentleman from Illinois and I know he is a very powerful, a very powerful Member of this body. But I did not realize until this morning just how powerful he was.

I compliment him for putting up a good fight. But this amendment is not in the best interests of our consumers or our country.

Placing a cap on credit card interest rates would not benefit the consumer.

An interest rate cap would severely restrict the amount of credit available and undoubtedly goad merchandise retailers into raising prices.

Those most dramatic affected would be the low-income consumers.

Increased prices and more stringent credit requirements could jeopardize the strength of the domestic trade sales at a critical juncture in our economy.

I realize it is easy to demagogue an issue like this, but 8 percent above prime is not exactly a cap. All it would do would be to force interest rates up to that point. So we would actually be hurting our consumers, not helping the consumer.

H.R. 515 would simply require credit card issuers to clearly print cardholder obligations. Disclosure would attain the same goal as the credit card caps by fostering increased competition between the credit card issuing institutions.

That is what we are looking for. We are looking for full disclosure so when people obtain and use a credit card they know the interest rates and what the conditions are.

Congress will erode a traditional right of the States if a credit card cap is imposed.

Historically States have regulated interest rates and charges. This past year 43 State legislatures held hearings and considered measures to regulate credit card rates and fees. Credit cards are a fact of life for the American consumer. Congress cannot tell the individuals which cards to use but we can make sure they have all the needed information on which to base an informed decision on which card to obtain.

Adoption of that amendment to limit credit card interest rates would undermine the very objective we are trying to achieve in this bill.

I urge my colleagues to vote for a reasonable disclosure requirements bill, H.R. 515, and oppose this unnecessary and damaging amendment because we want full disclosure but with this amendment this bill will not pass.

Therefore I ask the people to vote against this rule.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. KYL].

Mr. KYL. I thank the gentleman for yielding.

Mr. Speaker, I rise in opposition to the resolution because of the waiver of the requirement for a quorum. A quorum as we know it is one of the most fundamental basic procedural safeguards of any deliberative body. This rule would set a bad precedent, despite the suggestion that this is the only time that we will ever do this and for sure we never want to do it again.

That is how some of these shortcuts get started, despite the fact that there may not be any bad intent here and there is simply a snafu that we have to deal with in this particular situation.

It is kind of like Lucy and the football. Every year Charlie Brown runs up to kick the football after Lucy has assured him that she will not pick it up this year and make him fall on his rear end.

But every year, having believed her, he runs up to kick the football and sure enough as soon as he gets there she picks it up and he falls down.

I think that is the problem with these kinds of waivers.

We say every time that what we are doing this time is a one-time only proposition and we never intend to do it again. But the fact of the matter is we do it again. It is a great detriment.

We have waivers of budget resolutions even though we do not want to do that. We have waivers of legislation and appropriation bills, even though we really do not want to do that. We have waivers of points of order even though obviously we do not like to do that.

And now we are going to have a waiver of a quorum. It would be nice to believe that this is the only time it ever happens.

When I go to my town hall meeting in my district and I tell the people about how the House operates we talk about some of the most basic proce-

dures in a deliberative body such as points of order. And I indicate to my constituents that the House of Representatives may waive points of order so that they cannot be raised, then my constituents just cannot believe it. I cannot wait to go back and explain to them that now we are waiving the requirement of a quorum. What procedural safeguards are there for a minority if we are not going to abide by our rules?

This will set a precedent. Anytime you bend the rules you set a precedent even if you hope that it will never happen again.

We hope we will never have to be able to say "We told you so," but I think the best way to prevent that result is to vote "no" on this rule.

□ 1335

Mr. LATTA. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I do so because of a statement that was made previously that there was some conflict in the Rules Committee as to whether or not there was a quorum present. I heard no such testimony. As a matter of fact, I have the committee hearing before me and have been going through it to find out whether or not there was anybody else besides the gentleman from Illinois who even raised the question, and I compliment the gentleman for making that admission before the Rules Committee.

I found no conflict in the record as to whether or not a quorum was present or was not present.

Mr. Speaker, I would be happy to yield to the gentleman from Texas if he could name somebody who testified before the Rules Committee that there was a quorum present when the gentleman from Illinois said there was not.

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

Mr. LATTA. I yield to the gentleman from Texas.

Mr. FROST. Mr. Speaker first of all, let me be precise. Of course, I say to the gentleman from Ohio [Mr. LATTA] that there is a conflict between the language in the committee report which says a quorum was present and the testimony of the gentleman from Illinois [Mr. ANNUNZIO] on pages 19 and 20 of the record in which he said a quorum was not present. So there is a conflict.

I am looking through the testimony, and my recollection is that at some point there was an effort made to raise this issue with the gentleman from Rhode Island [Mr. ST GERMAIN], but I find nothing in the testimony where the gentleman from Rhode Island spoke to the question. So I may have not recalled that correctly. But clearly there is a conflict between the written committee report and the testimony of the gentleman from Illinois [Mr. ANNUNZIO] before the committee.



Mr. LATTI. Mr. Speaker, that is absolutely correct, there is a conflict between the written report and the testimony that the gentleman from Illinois [Mr. ANNUNZIO] gave before the committee. But as far as the gentleman from Rhode Island [Mr. ST GERMAIN] is concerned, he said nothing about that. He left the committee room shortly after his testimony.

I thought we ought to clear that up and point out that we did not have any conflict of witnesses, and nobody disputed the word of the gentleman from Illinois. We took him at his word.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BARTLETT].

(Mr. BARTLETT asked and was given permission to revise and extend his remarks.)

Mr. BARTLETT. Mr. speaker, I rise in opposition to the rule.

Several points in opposition to the rule have been made. One is that this is an amendment that should not be made in order at all, that the rules of the House should not be waived. Others have made the very valid point that it also waives the rule requiring a quorum in the committee for legislation to be passed.

But I want to bring the attention of the House to the fact that there is a worse, almost, obscure feature of this rule which has been used several times this year. Frankly, this feature of the rule is rare, it has not been done routinely in prior sessions, it is dangerous, it is irresponsible, and it is a heavy-handed provision. That is the provision in the rule which controls the debate or controls the time on the amendment offered by the gentleman from Illinois [Mr. ANNUNZIO].

The gentleman from Illinois has a valid amendment. It is one that I do not agree with, but he ought to have adequate time to debate the merits of his amendment, and the opponents ought to be able to debate their side as against the amendment.

The House normally operates in the amendment process under the 5-minute rule. I would say to my colleagues that the 5-minute rule works. It allows Members to share time, to yield to one another for time, it allows for a full debate, it is helpful in understanding information, it changes minds, and it brings out new information. The 5-minute rule causes amendments to be considered generally somewhere between 10 minutes of debate and 30 minutes of debate, sometimes an hour, sometimes 90 minutes or 2 hours, depending on the significance of the amendments.

But the Rules Committee has erred in this case in attempting to control the debate by a limit on time. What this rule does is this: It causes Members who do secure time to not yield to one another, to not share information, to not ask questions, and to not answer questions, because Members rightfully have to be concerned about getting their own statement on the

record. That is not a debate, that is only speech musing, and the House is not well-served.

Mr. LATTI. Mr. Speaker, may I inquire, does the gentleman from Texas desire to yield further time?

Mr. FROST. Mr. Speaker, we reserve the customary right to close debate. We have one other request for time. We ask that the gentleman proceed now if he desires to yield further time.

Mr. LATTI. Mr. Speaker, I yield myself 2 minutes.

So that the record is clear on this matter of a quorum or no quorum, I would like to read from page 19 of the printed record of the Committee on Rules yesterday when we considered this. I am going to quote the gentleman from Illinois:

At the time the vote occurred on my interest rate cap, a quorum was not present at the Banking Committee. Nor was a quorum present when the legislation was ultimately reported out of the Banking Committee.

I could have insisted upon a quorum being present for both the vote on my amendment and final passage but, rather than subject the Members to a delay or possibly an additional meeting, I indicated that I would only ask for a voice vote and would not make a point of order that a quorum was not present.

I further stated that I would offer my cap amendment on the floor.

Members of the committee, including the chairman, thanked me for my cooperation. When the vote came on final passage in the committee, one committee Member asked about a roll call vote but was told by the chairman that it would not be possible since a quorum was not present.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Rules Committee has attempted to be fair on this rule. The Annunzio amendment is a very controversial amendment. The Rules Committee has made that in order so that the entire House will have an opportunity to exercise its will on that amendment.

We have provided an hour for the debate. That is an adequate period of time for that amendment. It is an amendment that most Members are familiar with, and it will provide the time to crystallize the differences.

As to the question of a quorum raised quite properly by the other side of the aisle, as I mentioned in my previous statement, we acted out of an abundance of caution because, as the gentleman from Ohio [Mr. LATTI] read from the committee transcript, it is clear in the committee transcript that one of the leading proponents of this legislation testified before our committee that a quorum was not present. We could have ignored that. We could have simply referred to the committee report and not provided it at all.

I have a feeling that if we had done that, if we had ignored the testimony of the gentleman from Illinois [Mr. ANNUNZIO] and simply pointed to the

language of the committee report that a quorum was present, the very clear testimony of the gentleman from Illinois [Mr. ANNUNZIO], then the Members on the other side of the aisle would have criticized us loud and long for having ignored testimony in our own committee. We chose to recognize that there was a conflict. We chose to waive the rule to accommodate this particular legislation.

I would agree with the gentleman on the other side that that is not something we should be doing in the normal course of business. We have pledged as a committee that we will not do this in the normal course of events, and that this will be done only very, very rarely. In this case there was a conflict. It was clear that the proper course of action was for us to resolve it as we did, and I urge the adoption of the resolution.

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. TAUZIN). The question is on the resolution.

The question was taken; and on a division (demanded by Mr. WALKER) there were—ayes 13, noes 23.

Mr. FROST. 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 217, nays 198, not voting 18, as follows:

[Roll No. 380]

YEAS—217

Ackerman	Conyers	Gordon
Akaka	Cooper	Grant
Alexander	Coyne	Gray (PA)
Anderson	Daniel	Guarini
Andrews	de la Garza	Hall (OH)
Annunzio	DeFazio	Hamilton
Applegate	Dellums	Hatcher
Aspin	Dingell	Hawkins
Atkins	Dixon	Hayes (IL)
Bates	Donnelly	Hayes (LA)
Bellenson	Dorgan (ND)	Hefner
Bennett	Dowdy	Hertel
Berman	Downey	Hochbrueckner
Bevill	Durbin	Howard
Bilbray	Dwyer	Hoyer
Boggs	Dymally	Hubbard
Boland	Dyson	Hughes
Bonior	Early	Jacobs
Bonker	Eckart	Jones (NC)
Borski	Edwards (CA)	Jones (TN)
Boucher	Espy	Jontz
Boxer	Evans	Kanjorski
Brennan	Fascell	Kaptur
Brown (CA)	Fazio	Kastenmeier
Bruce	Feighan	Kennedy
Bryant	Flake	Kennelly
Bustamante	Florio	Kildee
Byron	Foglietta	Kiecicka
Campbell	Foley	Kolter
Cardin	Ford (MI)	Kostmayer
Carper	Ford (TN)	LaFalce
Carr	Frank	Lancaster
Chapman	Frost	Lantos
Chappell	Garcia	Lehman (CA)
Clarke	Gaydos	Lehman (FL)
Clay	Gejdenson	Leland
Coelho	Gibbons	Levin (MI)
Coleman (TX)	Glickman	Levine (CA)
Collins	Gonzalez	Lewis (GA)



Lipinski  
Lloyd  
Lowry (WA)  
Luken, Thomas  
MacKay  
Manton  
Markey  
Martinez  
Matsui  
Mavroules  
McCloskey  
McCurdy  
McHugh  
McMillen (MD)  
Mfume  
Mica  
Miller (CA)  
Mineta  
Moakley  
Mollohan  
Montgomery  
Moody  
Morrison (CT)  
Mrazek  
Murphy  
Murtha  
Nagle  
Natcher  
Nelson  
Nowak  
Oskar  
Oberstar  
Obey  
Olin

Ortiz  
Owens (NY)  
Owens (UT)  
Patterson  
Pease  
Pelosi  
Penny  
Pepper  
Perkins  
Pickett  
Pickle  
Price (IL)  
Price (NC)  
Rahall  
Rangel  
Richardson  
Rodino  
Roe  
Rose  
Rostenkowski  
Roybal  
Russo  
Sabo  
Savage  
Sawyer  
Scheuer  
Schroeder  
Schumer  
Sharp  
Sikorski  
Skaggs  
Slattery  
Slaughter (NY)  
Smith (FL)

Smith (IA)  
Solaz  
St Germain  
Staggers  
Stark  
Stokes  
Stratton  
Studds  
Swift  
Synar  
Thomas (GA)  
Torres  
Torrice  
Towns  
Traficant  
Traxler  
Udall  
Valentine  
Vento  
Visclosky  
Volkmmer  
Walgren  
Waxman  
Weiss  
Wheat  
Whitten  
Williams  
Wise  
Wolpe  
Wyden  
Yates  
Yatron

## NAYS—198

Archer  
Armey  
AuCoin  
Badham  
Baker  
Ballenger  
Barnard  
Bartlett  
Barton  
Bateman  
Bentley  
Bereuter  
Billirakis  
Billie  
Boehlert  
Bosco  
Broomfield  
Brown (CO)  
Buechner  
Bunning  
Burton  
Callahan  
Chandler  
Cheney  
Clinger  
Coats  
Coble  
Coleman (MO)  
Combest  
Conte  
Coughlin  
Courter  
Craig  
Crane  
Dannemeyer  
Darden  
Daub  
Davis (IL)  
Davis (MI)  
DeLay  
Derrick  
DeWine  
Dickinson  
Dicks  
DioGuardi  
Dreier  
Duncan  
Edwards (OK)  
Emerson  
English  
Erdreich  
Fawell  
Fields  
Fish  
Fippo  
Frenzel  
Gallegly  
Gallo  
Gekas  
Gingrich  
Goodling  
Gradison  
Grandy

Green  
Gregg  
Gunderson  
Hall (TX)  
Hammerschmidt  
Hansen  
Harris  
Hastert  
Hefley  
Henry  
Herger  
Hiller  
Holloway  
Hopkins  
Horton  
Houghton  
Huckaby  
Hunter  
Hutto  
Hyde  
Inhofe  
Ireland  
Jeffords  
Jenkins  
Johnson (CT)  
Johnson (SD)  
Kasich  
Kolbe  
Konnyu  
Kyl  
Lagomarsino  
Latta  
Leach (IA)  
Leath (TX)  
Lent  
Lewis (CA)  
Lewis (FL)  
Lightfoot  
Livingston  
Lott  
Lowery (CA)  
Lujan  
Lukens, Donald  
Lungrun  
Mack  
Madigan  
Marlenee  
Martin (IL)  
Martin (NY)  
Mazzoli  
McCandless  
McCollum  
McDade  
McEwen  
McGrath  
McMillan (NC)  
Meyers  
Michel  
Miller (OH)  
Miller (WA)  
Molinari  
Moorehead  
Morella

Morrison (WA)  
Myers  
Neal  
Nichols  
Nielsen  
Oxley  
Packard  
Parris  
Pashayan  
Petri  
Porter  
Pursell  
Quillen  
Ravenel  
Ray  
Regula  
Rhodes  
Rinaldo  
Ritter  
Roberts  
Robinson  
Rogers  
Roth  
Roukema  
Rowland (CT)  
Rowland (GA)  
Sakl  
Saxton  
Schaefer  
Schneider  
Schuette  
Sensenbrenner  
Shaw  
Shays  
Shumway  
Shuster  
Siskiny  
Skeen  
Skelton  
Slaughter (VA)  
Smith (NE)  
Smith (NJ)  
Smith (TX)  
Smith, Denny  
(OR)  
Smith, Robert  
(NH)  
Snow  
Solomon  
Spratt  
Stallings  
Stangeland  
Stenholm  
Stump  
Sundquist  
Sweeney  
Swindall  
Tallon  
Tauke  
Tauzin  
Taylor  
Upton  
Vander Jagt

Vucanovich  
Walker  
Watkins  
Weber

Weldon  
Whittaker  
Wilson  
Wolf

Wortley  
Wylie  
Young (FL)

## NOT VOTING—18

Anthony  
Biaggi  
Boulter  
Brooks  
Crockett  
Dornan (CA)  
Gephardt

Gilman  
Gray (IL)  
Kemp  
Panetta  
Ridge  
Roemer  
Schulze

Smith, Robert  
(OR)  
Spence  
Thomas (CA)  
Young (AK)

□ 1350

The Clerk announced the following pairs:

On this vote:  
Mr. Gray of Illinois for, with Mr. Thomas of California against.

Mr. Panetta for, with Mr. Ridge against.  
Messrs. NICHOLS, HARRIS, HUNTER, and LENT, Mrs. MEYERS of Kansas, and Mr. ENGLISH changed their votes from "yea" to "nay."

Mrs. BOGGS changed her vote from "nay" to "yea."

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.

#### JOINT REFERRAL OF H.R. 3413 TO COMMITTEE ON GOVERNMENT OPERATIONS AND COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the bill H.R. 3413 to require the Administrator of General Services to convey certain property to the Museum of the American Indian be re-referred jointly to the Committee on Government Operations and the Committee on Public Works and Transportation.

The SPEAKER pro tempore (Mr. TAUZIN). Is there objection to the request of the gentleman from New Jersey?

There was no objection.

#### FAIR CREDIT AND CHARGE CARD DISCLOSURE ACT OF 1987

The SPEAKER pro tempore. Pursuant to House Resolution 292 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 515.

□ 1405

## IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 515) to provide for more detailed and uniform disclosure by credit card issuers with respect to information on interest rates and other fees which may be incurred by consumers through the use of any credit card, with Mr. SKELTON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Rhode Island [Mr. ST GERMAIN] will be recognized for 30 minutes and the gentleman from Indiana [Mr. HILER] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Rhode Island [Mr. ST GERMAIN]. (Mr. ST GERMAIN asked and was given permission to revise and extend his remarks.)

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

Mr. Chairman, today we are considering H.R. 515, the Full Credit and Charge Card Disclosure Act of 1987. This legislation represents a continuation of last year's efforts when a similar bill was introduced, and later included in the Truth in Savings Act. That act, as amended, was eventually approved by the full House of Representatives last October by voice vote.

Starting in 1980, with the enactment of the Depository Institutions Deregulation and Monetary Control Act, consumers have been experiencing a number of choices from financial institutions as to where to place their deposits. The deregulation of interest rates on deposits at financial institutions requires the clearest possible disclosure to consumers in order to achieve free market discipline.

Given the equally wide variety of credit card offerings faced by consumers today, the need for such disclosure in the credit card area is just as compelling. Consumers are currently being besieged with a smorgasbord of proposals, just as confusing as the array of deposit and savings offerings which have accompanied the deregulation of interest rates on those instruments.

Not only does free market discipline suggest the need for such disclosure, but simple equity and fairness require that consumers be given the clearest and simplest information to make informed choices on their credit cards. The ability to obtain information on the fees and interest rates on these cards is what is needed to achieve these goals and which the committee believes H.R. 515 accomplishes.

Presently, the Truth in Lending Act requires credit card issuers to provide information concerning the annual percentage rate, the annual fee, the grace period, and other terms only upon the consumer's receipt of the card. Testimony at Banking Committee hearings in 1987 emphasized that such relevant information should be available to consumers at the time they select among competing credit cards. This information will enable consumers to more effectively "shop" among credit and charge card accounts and, thus, increase the competition among card issuers.

H.R. 515 reflects the committee's efforts to provide much-needed information to consumers on the terms of



their credit cards during the application process.

□ 1405

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

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

(Mr. HILER asked and was given permission to revise and extend his remarks.)

Mr. HILER. Mr. Chairman, on August 6, 1987, the House Banking Committee unanimously approved by voice vote and without amendments, H.R. 515, the Fair Credit and Charge Card Disclosure Act. As approved, H.R. 515 requires card issuers to disclose at the time of application, the annual percentage rate, the annual fee and the grace period.

This bill should be supported as it was reported out of the full committee. The legislation provides greater disclosure of credit card information to enable consumers to compare and select credit cards that meet their personal needs. Additionally, the bill is expected to stimulate further competition between card issuers without imposing price controls.

For purposes of the Members, I would like to outline the different provisions of the bill. Section 1 of the bill states that the short title of the act is the Fair Credit and Charge Card Disclosure Act of 1987.

Section 2(a) of the bill amends section 127 of the Truth in Lending Act by adding a new subsection (c) creating additional disclosure requirements for credit card applications and solicitations. At the time of solicitation a credit card issuer would have to disclose the annual percentage rate he will be charging on outstanding balances, the annual fee or other fees imposed for the availability of the card account, and the grace period, that is the period within which a consumer may repay the credit extended without incurring a finance charge.

Section 2(a) also prescribes special rules for telephone, magazine and "take-one" solicitations as well as special disclosure rules for charge card applications and solicitations.

Section 2(b) of the act amends section 122 of the Truth in Lending Act to provide that the disclosures required by section 2(a) of the act be disclosed in tabular form.

Section 2(c) of the act amends section 111 of the Truth in Lending Act so that the provisions of the Fair Credit and Charge Card Disclosure Act shall supercede any provision of State law relating to the disclosure of information in any credit card application or solicitation.

The disclosure provisions of this bill that I have just outlined are desirable for several reasons. First, they may enhance competition among credit and charge card providers, allowing the marketplace to operate more efficiently and resulting in lower interest rates and other more favorable terms.

Second, clear disclosure of key terms helps consumers to understand better what obligations they will incur under various credit card programs. Finally, this advance information will allow consumers to make better-informed comparisons among plans without the need to first complete the application process.

Later this afternoon, the House will be considering an amendment to H.R. 515 by Mr. ANNUNZIO to impose an interest rate cap on credit cards. I oppose the interest rate cap amendment. In reporting out H.R. 515 the full Banking Committee, with bipartisan support, rejected this approach. I joined with 33 of my colleagues on the Banking Committee from both sides of the aisle in a letter opposing Mr. ANNUNZIO's interest rate cap. Overwhelming evidence indicates that a cap on credit card interest rates will restrict overall credit—particularly credit to low- and medium-income consumers, increase annual fees, increase minimum payments, lower credit limits, limit grace periods and decrease consumer spending. I urge my colleagues to reject this amendment as it will cause great harm to the very consumers it is purported to help.

Mr. Chairman, I would like to submit for the RECORD four letters I have received from agency officials on H.R. 515. These are from Alan Greenspan, Chairman of the Federal Reserve Board; Robert Clarke, Comptroller of the Currency; M. Danny Wall, Chairman of the Federal Home Loan Bank Board; and L. William Seidman, Chairman of the Federal Deposit Insurance Corporation. All four of these financial institution regulatory agencies who have jurisdiction over truth-in-lending enforcement share the views of the majority of the Banking Committee in supporting disclosure legislation and opposing the imposition of any ceiling or cap on credit card interest rates. The agencies concluded that the credit card market is highly competitive, and that the imposition of interest rate ceilings could result in a decrease in credit availability—particularly to low-income individuals and families. The agencies also determined that such rate ceilings could result in an increase in other costs associated with credit cards through a rise in fees or the elimination of the grace period currently enjoyed by almost half of all cardholders. The regulators state that an interest rate cap would harm the very consumers it is designed to protect.

In conclusion, Mr. Chairman, H.R. 515 should be approved without amendments. This will benefit consumers by providing more information to compare open-ended credit plans so as to satisfy their individual financial needs.

#### FEDERAL RESERVE SYSTEM,

Washington, DC, October 23, 1987.

Hon. JOHN P. HILER,  
House of Representatives,  
Washington, DC.

DEAR CONGRESSMAN: Thank you for your letter of October 1, requesting my opinion on credit card disclosure legislation currently pending in the Congress. Specifically, you asked for my views on H.R. 515, which was recently reported out of the House Banking Committee, and in particular on any provision imposing a cap on credit card interest rates which might be added to the bill during consideration by the full House.

As you know, Governor Martha Seger submitted testimony on behalf of the board on the subject of credit card disclosures and rate ceilings before the Subcommittee on Consumer Affairs and Coinage on March 18, 1987. The testimony stated the board's longstanding opposition to legislation imposing ceilings on credit card interest rates. I am in full agreement with that position.

Our opposition to a legislated rate cap is based on several concerns. The board believes that credit, including that extended under credit card plans, is allocated most fairly and efficiently where interest rates are not legislatively constrained. Imposing a legislated ceiling is likely to have undesirable and unpredictable consequences. For example, it would be likely to reduce the amount of credit available, especially to less affluent consumers who may have fewer alternative credit sources available.

A Federal cap on rates might lead credit card issuers to offset decreases in their finance charge income by raising revenues in other ways. Card issuers might impose or increase annual fees or late payment fees; they might charge for each transaction, or eliminate grace periods. Moreover, card issuers may seek to enhance revenues by charging higher merchant discount fees. Retailers probably would attempt to pass on these higher charges to all consumers, including those without credit cards, to cover their increased costs. Consequently, the board believes that the costs to the public of constraining credit card rates through Federal regulation may well outweigh any intended benefits to consumers.

I hope these comments will be helpful in your deliberations.

Sincerely,

ALAN GREENSPAN,  
Chairman.

COMPTROLLER OF THE CURRENCY,  
ADMINISTRATOR OF NATIONAL BANKS,  
Washington, DC, October 20, 1987.

Hon. JOHN P. HILER,  
Ranking Minority Member, Subcommittee  
on Consumer Affairs and Coinage, Committee  
on Banking, Finance and Urban Affairs,  
House of Representatives, Washington, DC.

DEAR MR. HILER: We appreciate the opportunity to comment on H.R. 515, the "Fair Credit and Charge Card Disclosure Act of 1987," prior to its consideration by the House. As reported by the Committee on Banking, Finance and Urban Affairs, H.R. 515 would amend the Truth-in-Lending Act to require specified disclosures to prospective credit and charge card holders at an early stage in the decision process. Unlike the subcommittee version of the bill, it would not impose a cap on interest rates charged on account balances.

The OCC supports early and uniform disclosure to consumers of the terms and conditions applicable to credit and charge card accounts. Also, we believe that in order to avoid competitive inequalities, the disclosure provisions should apply to all issuers.



By requiring disclosure by all credit and charge card issuers at the time of application or solicitation, H.R. 515 accomplishes these goals.

These disclosure provisions are desirable for several reasons. First, they may enhance competition among credit and charge card providers, allowing the marketplace to operate more efficiently and resulting in lower interest rates and other more favorable terms. Second, clear disclosure of key terms helps consumers to understand better what obligations they will incur under various credit card programs. Finally, this advance information will allow consumers to make better-informed comparisons among plans without the need to first complete the application process.

While we believe that it is appropriate to include in the legislation the terms and conditions that must be disclosed in the credit and charge card applications and solicitations, we have concerns about mandatory provisions regarding the disclosure format. As long as the basic required elements and terms are clear, we see no reason to restrict issuers to a specific format for informing customers. Many issuers provide excellent and more detailed consumer information which enhances their competitive edge. Also, format requirements may mean additional expense for issuers already providing early disclosure. Furthermore, since the market changes, the means for pricing and marketing cards may change. Flexibility should rest with the issuers and regulators to adjust formats to address these changes.

Although we support the disclosure provisions of H.R. 515, we oppose any attempt to impose a ceiling on the interest rate that could be charged on credit card balances. First, we believe that the market for credit card services is competitive. The pricing of those services, which in addition to credit includes payment services and in many cases interest-free grace periods, does respond to market forces. Some issuers are attempting to compete by lowering their credit card interest rates. However, many consumers seem to be more responsive to other product features, such as rebate programs, travel insurance, credit card registration services, and the availability of automatic teller machines and checks for cash advances, in choosing a credit card.

Second, if pricing options are limited, lenders may resort to nonprice rationing of credit. One way to do this would be to apply more stringent credit standards when evaluating applications for credit. That is likely to have a disproportionately adverse effect on certain customers, such as low-income individuals and families, seeking to obtain credit cards.

Finally, setting a ceiling on interest rates is unlikely to be effective in controlling the total price credit card users pay for the services a card provides. Just as credit is but one of those services, the interest rate is but one cost component. As a consequence of an interest rate ceiling, card issuers would be likely to increase other cost components. That could be done, for example, by raising fees or eliminating interest-free grace periods.

In summary, disclosure has long been recognized as an effective and efficient regulatory tool. Thus, we support the early disclosure approach of H.R. 515 as an aid to consumers in making comparisons when shopping for credit and charge cards. We oppose the imposition of interest rate caps as a means of reducing the cost of credit cards to the consumer.

Thank you for providing me the opportunity to share our views on these matters.

The Office of Management and Budget advises that there is no objection to the

presentation of this report from the standpoint of the administration's program.

Sincerely,

ROBERT L. CLARKE,  
Comptroller of the Currency.

FEDERAL DEPOSIT INSURANCE CORP.,  
Washington, DC, October 9, 1987.

HON. JOHN P. HILER,  
House of Representatives,  
Washington, DC.

DEAR MR. HILER: Thank you for your letter of October 1, 1987 requesting comments from the Federal Deposit Insurance Corporation on H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987.

We fully support this legislation as reported by the Committee on Banking, Finance and Urban Affairs. As to the imposition of a cap on credit card interest, we believe that the market is already highly competitive and becoming more so every day. The disclosure provisions of H.R. 515, if enacted into law, should promote further competition. Consequently, we would be opposed to a cap on credit card interest rates as both unsound in principle and unnecessary.

Thank you for the opportunity to express our views on this legislation.

With best wishes.

Sincerely,

L. WILLIAM SEIDMAN,  
Chairman.

FEDERAL HOME LOAN BANK BOARD,  
Washington, DC, October 26, 1987.

HON. JOHN P. HILER,  
Committee on Banking, Finance and Urban Affairs,  
House of Representatives,  
Washington, DC.

DEAR CONGRESSMAN HILER: Thank you for your letter of October 1, 1987, asking for our views on the Fair Credit and Charge Card Disclosure Act of 1987 (H.R. 515, 100th Cong., 1st Sess.) (the "Disclosure Act").

We are in favor of Federal legislative programs that establish a uniform system for providing consumers with essential information about financial products offered by all financial service providers, as we believe that informed consumers will provide for a more efficient marketplace. The version of the Disclosure Act referred to the Committee of the Whole House on September 30, 1987, would amend the Truth in Lending Act to require that all credit-card issuers disclose in a uniform manner, at the time of application (for instance in solicitation brochures), the following information: (1) the annual percentage rate or means for determining the rate if it is variable, (2) any annual or other fee imposed for card availability, and (3) the date by which, or period in which, a consumer can avoid a finance charge by repaying any credit extended in connection with the card (grace period). Because the Disclosure Act, as reported on September 30, 1987, simply amends the Truth in Lending Act to provide essential information to consumers in a uniform manner at the time the consumers apply for charge-card credit, we are in favor of the Disclosure Act.

Your letter mentions, however, that the Disclosure Act may be amended to impose a cap on credit-card interest rates. We would be opposed to any such amendment. In our view, interest rates should be regulated by an efficient informed marketplace and not by means of state or Federal Government intervention. A competitive marketplace will provide for charge-card interest rates that are acceptable to consumers and that insure a fair margin of profit for credit-card issuers such as thrift institutions and banks.

If there were artificially imposed caps on interest rates it is likely that there would be times when credit-card issuers would be

faced with the dilemma of having the interest income on their credit card operations be less than their related expenses (the sum of their cost of funds and operating expenses). During such times even the most well-run credit-card issuers would be forced to incur operating losses with respect to their credit-card operations. The credit-card issuer (whether a thrift, bank, or other financial service provider) would not willingly absorb such losses, but rather would attempt to cover such losses by increasing the cost of other services provided to consumers. Those credit-card issuers unable to so cover the losses could be placed in financial jeopardy. If the financially distressed credit-card issuer were a thrift insured by the Federal Savings and Loan Insurance Corporation, the Federal Savings and Loan Insurance Corporation could end up having to ultimately absorb the losses, as there could be situations where the losses suffered by the thrift place it into insolvency or an unsafe or unsound condition.

Thank you for requesting us to express our views on these matters.

Sincerely,

M. DANNY WALL,  
Chairman.

Mr. HILER. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. WYLIE], the ranking member on the full Committee on Banking, Finance and Urban Affairs.

Mr. WYLIE. Mr. Chairman, I thank the gentleman from Indiana [Mr. HILER] for yielding me this time.

I want to commend the gentleman for his excellent and hard work on this legislation.

Mr. Chairman, I rise in strong support of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987. A Federal Reserve Board study estimated that in 1983, 62 percent of all U.S. families used some type of a credit card. In the \$25,000 to \$30,000 income bracket, this number rises to almost 4 out of 5 U.S. Families. Therefore, this bill will directly assist a majority of those who elected us.

The need for this bill is rooted in the astonishing array of credit cards plans. Some cards offer rebates, others charge interest from the day of purchase, and some cards are charge cards only and do not offer the consumer the opportunity to pay the balance off in installments. The massive array of credit card pricing schemes, the heavy volume of solicitations and the increase of new card issuers into the market demonstrates that the credit card industry is very diversified and competitive. I believe consumers are entitled to receive the information necessary to make informed choices on the wide selection of credit cards.

Enactment of H.R. 515 will ensure that consumers receive this information in a uniform and understandable format.

The bill's purpose is to give consumers timely and understandable information in order to select a credit or charge card. Credit card issuers would be required to disclose at the time of solicitation, and I emphasize that point, to disclose at the time of solicitation annual percentage rate, any



fees, and the grace period. By providing the key terms concerning a credit card program in such a uniformed manner, consumers will be able to comparison shop for the card that best suits their needs.

The constructive and uniform disclosure required by this legislation will allow consumers to comparison shop without confusion for the best rate, terms, and conditions on open-ended credit plans.

□ 1415

The important and constructive contribution of this bill would, in my judgment, be undermined by a proposed amendment to cap interest rates on credit cards. My distinguished colleague and good friend, the gentleman from Illinois (Mr. ANNUNZIO), plans to offer an amendment to H.R. 515 that would impose an interest rate cap of 8 percentage points above the 1-year Treasury bill rate on all credit cards. Disclosure will help consumers, but I am opposed to a mandated interest rate cap because I feel that such a cap would, in the end, be harmful to many, many consumers.

I think my vote against a rate cap is in the best interest of all consumers. I am concerned that history will repeat itself in this area. The Federal Reserve study, which I referred to earlier, states that following the economic disruption of the late 1970's and early 1980's "... credit card issuers responded to falling profits by adopting much more selective credit standards in an effort to control costs. Also, many credit card accounts were terminated because of delinquencies and payment defaults."

Credit allocation and price fixing have never worked in our free market economy. If we now impose rate limitations on credit card issuers, the result will be that millions of consumers, primarily lower income consumers who may be regarded as less credit-worthy, will be denied credit cards as the card issuers become more and more selective. Is this the result we want?

While some banks and retailers are still charging too high interest rates, the trend in rates is definitely going down as consumers become aware of differences in rates. The marketplace is working efficiently without intervention.

Yesterday's cap rate would have been 15.5 percent based on the gentleman's amendment of 8 percent above the Treasury borrowing rate. The Federal Credit Union right here in the Rayburn Building has a VISA card for 12.9 percent. Several banks have credit cards with interest rates charging less than 15.5 percent.

But there is also a very practical consideration facing us. Legislation requires action by the House and the Senate, and I believe that if we adopt an interest rate cap amendment we can say goodbye to the excellent disclosure language contained in H.R.

515. In short, the amendment would probably kill the bill in the Senate. This would definitely not be a treat for consumers this Halloween. This would be an ironic O. Henry twist to an excellent measure designed to help consumers.

Therefore, I urge my colleagues to support full disclosure, support consumers and vote "no" on the Annunzio rate cap amendment.

Mr. ST GERMAIN. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from Illinois (Mr. ANNUNZIO), a member of the committee.

(Mr. ANNUNZIO asked and was given permission to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Chairman, as we begin debate on H.R. 515 I would like to warn Members that they are going to see more scare tactics thrown at them during this debate than you would find in a dusk-to-dawn marathon of horror movies. You will hear stories quoted as fact that are pure fiction. All of these statements will be directed at one issue, to try to get Members to vote against the credit card cap amendment that I will offer.

Let me set the record straight about some of the smokescreens that will be thrown at you today. You will be told that an interest rate cap will hurt poor people and that they will lose their credit cards. That argument assumes that banks are handing out credit cards to poor people, and that is not the case. The 1986 Federal Reserve study of credit cards showed that fewer than one family in eight with an income under \$10,000 have a bank credit card. Less than 1 family in 13 in that group have a gasoline credit card.

When Connecticut passed a rate cap bill a few years ago, those few low income families that did have credit cards did not lose their credit cards as a result of the cap, so there is no evidence that the poor will be penalized because of a rate cap.

There is a group that hopefully will suffer because of a rate cap, and that will be good news to consumers who pay their bills on time. Banks keep their credit card rates high for good reason. By keeping the rates high they can flood the market with credit card applications and they can absorb substantial losses because of people who pay their credit card bills on time. That means that people who pay their bills on time are forced to pay high interest rates to offset the losses suffered by the banks because of people who do not pay their credit card bills. If the banks would do a better job of handing out credit cards, then there would be no need for high interest rates.

Last year the banking industry made a profit of \$5 billion on credit cards. The industry made this profit even though it had huge losses because of people not paying their bills. Citibank, for example, lost a million dollars a day on its credit card business. Quite clearly, those Americans who faithful-

ly sent in their credit card payments on time every month are subsidizing the deadbeats who refuse to pay their bills. And the banks make a profit because they kept the interest rates high to offset the losses from the deadbeats.

The national average on credit card rates is nearly 18 percent. But even that is not enough for some of the big card issuers who want to grab off even more profit. New York City's Chemical Bank charges 19.5 percent, and 19.8 percent is charged by Bank One, Marine Midland, First Chicago, Bank of America, and Citibank, which you remember lost \$1 million a day on credit card operations.

If these rates are not high enough, the rate at the sixth largest bank, Wells Fargo, is 20 percent. It is one thing for banks to charge 18 percent on credit cards when the prime rate is 15 or 20 percent, but it is nothing more than plastic loansharking to charge 18 percent when the prime rate is only 9 percent.

You will be told that competition among banks will bring down interest rates on credit cards. If there truly was competition in the credit card marketplace a rate cap would not be necessary, but unfortunately, there is little competition. The 10 largest bank card issuers in this country control 34 percent of the market. And out of 3,500 card issuers, the 100 largest account for 70 percent of the cards.

There is about as much competition in credit card rates as there would be in a wrestling match between Gorilla Monsoon and Tiny Tim.

You will be told that if a credit card gap is in place that everyone will raise their rates up to the ceiling. That won't happen. Those banks that are above the ceiling will be forced to come down to the ceiling, and those few card issuers who are below it will use the ceiling as a marketing tool to show how low their rates are. In fact, I predict a ceiling will set off a rate war on credit cards with everyone trying to show how far below the ceiling they can go.

If you think that statement is not true, consider what happened in Connecticut when it considered a 15-percent ceiling. A credit card rate war did happen and many issuers in Connecticut are now charging well below the 15-percent ceiling.

You will be told that a rate cap will hurt consumers. Well, I must tell you that is the most ridiculous argument. If a rate cap would hurt consumers, why is it that every major consumer group in the country supports a rate cap? Why is it that I have received thousands of letters from consumers supporting a rate cap, and not a single letter from a consumer against a rate cap? The consumers speak for themselves. They want a rate cap.

You will be told that this is not a good time to put a rate cap on credit card interest rates because of the



stock market situation. I feel that a rate cap would actually help the business climate in this industry, and particularly the stock market. If consumers knew that Congress was going to take a firm stand against high interest rates, they would be far more willing to move back into the stock market.

You will be told that a rate cap amendment is Federal rate fixing. I cannot understand why some Members are opposed to Federal rate fixing but they have no problem when the major banks in the country engage in price fixing by keeping the credit card interest rates artificially high. In fact, one of the authors of the bill that we are debating today, the gentleman from New York [Mr. SCHUMER] was so concerned about price fixing that in March of this year he and I wrote to the Justice Department asking for an investigation of price fixing among credit card banks.

More than 2 years ago I held hearings on credit card interest rates. I was told at that time that if I waited for a little while rates would drop on their own. Well, I have waited for the industry to lower rates. But still the rates are high. I have waited and I have waited. But today I will wait no longer. I will offer an amendment to cap credit card interest rates at 8 points above the yield on 1-year Treasury securities. If my amendment were in effect today, the maximum rate of interest that could be charged on a credit card would be 15.03 percent. Since banks are paying only 6 percent for their money, if they cannot make a profit by relending it by more than 15 percent, then they are in the wrong business.

Without congressional action the rates will not be cut. Before banks will cut credit card interest rates across the board, you will see Hulk Hogan voted Miss America.

When it comes time to vote on my amendment, I ask that you remember one thing, there are 100 million Americans who hold credit cards. The organizations that represent these people support my amendment. The consumers have listened to all the arguments and all the rhetoric. They have listened to all the promises. They have gotten nowhere. They are now turning to the House of the People to protect them from these high rates. Your choice is simple, will you vote to stop high interest rates or will you vote to allow the credit card issuers to continue to gouge your constituents?

I am voting for the American people. I urge the Members of this body to vote the same way.

□ 1430

I want to tell you in conclusion, that disclosure will not reduce interest rates one iota. Our jails today are filled with people who have been found guilty of loan sharking. Well, I am afraid there are many, many people that are guilty of loan sharking that are not behind bars.

Mr. HILER. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mrs. ROUKEMA].

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Chairman, I rise today in strong support of H.R. 515, the credit card disclosure bill. This bill acknowledges the basic consumers' right to make an informed decision.

The disclosure requirements in this bill provide consumers the information necessary to make that choice.

For credit cards, the three key pieces of information are the interest rate, the annual fee, and the grace period. Already we have seen dramatic downward shifts in interest rates as publicity surrounding institutions which offer extremely low interest rates has soared.

The disclosure requirements in this bill are basic consumer safeguards. But, it is important to remember that the language in this bill has been carefully crafted so as not to make it unnecessarily complicated for banks and other financial institutions to readily comply with the provisions.

I think there is basic agreement on the main provisions of this bill. However, I also want to address the amendment which will be offered by my distinguished colleague from Illinois, Mr. ANNUNZIO. There is no one on the committee for whom I have more respect and I believe his goal of helping consumers is a laudable one. I strongly believe that his amendment to cap interest rates is ill advised and may have unintended consequences.

A wise man once said that for every complicated problem there is an answer which is both simple and direct and wrong. Let me suggest that an interest rate cap fits that analogy.

First, it is important to remember that there are three things that affect the cost of a credit card: interest rates, annual fees, and grace periods. Depending on a consumers' spending habits, one or the other of these factors may be more important than the others.

For example, a consumer who carries a balance over every month will seek low interest rates but may not mind a shortened or eliminated grace period. A consumer who pays the balance in full each month, and who therefore incurs no interest charges, may not be as concerned with the interest rates as long as the annual fee is low and there is a reasonable grace period.

It is important to note that because this amendment does not limit annual fees, there is nothing which would preclude a bank from doubling or tripling their annual fees, especially if an interest rate cap is imposed.

I fail to see how it is going to help consumers if one of the costs of credit is kept arbitrarily low while allowing other charges to rise without limit. At best some consumers would come out

even from the change, but those consumers who do not incur interest from month to month will end up paying more for their cards as the annual fees increase.

Supporters of this amendment claim they are trying to help consumers by putting a cap on the cost of credit cards. Although we would all like to assist the consumer in making prudent credit choices, and which is why I am supporting this disclosure bill, we must face the facts that the consumers' cost of credit is not solely a matter of interest rates. Smart consumers know that there are many other factors which can be even more important.

Mr. Chairman, I strongly support this bill and oppose the Annunzio amendment. It does limit the choices that consumers have to shop wisely for their credit cards. It does not limit any of the other costs of credit cards such as the annual fee. And, finally, the amendment will restrict credit when such an action may have disastrous effects over the long term.

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentleman from Georgia [Mr. BARNARD], a member of the committee.

(Mr. BARNARD asked and was given permission to revise and extend his remarks.)

Mr. BARNARD. Mr. Chairman, I rise in strong support of this legislation. It is the result of much hard work and compromise on the part of industry groups, consumer groups, both majority and minority members, and passed unanimously in the Banking Committee.

It is a bill requiring the fair, simple, and uniform disclosure of the basic terms of credit cards, which are the Nation's third medium of exchange after checks and cash.

Disclosure is fundamental to a competitive economy. Credit is a resource or a commodity like any other and if the price and other relevant terms are disclosed in advance of the transaction, consumers can obtain the best product at the lowest price. When you go to purchase a TV, you look at the price and other features. Among several TV's of the same size, you may choose the cheapest with fewer features or you may pay more for a feature like remote control even though picture size and quality are the same. You also may be able to purchase that same TV cheaper at another store or you may be willing to pay more at a store that delivers or is close to home. It's your choice, and as long as you have the necessary information you can make the optimum decision for you.

The situation is no different for credit cards. Some cards offer a lower rate but no grace period. Others offer features like a grace period, merchandise rebates, travel services, and the like. If these terms are disclosed conspicuously in the same manner and lo-



cation according to the type of application or solicitation, as provided by H.R. 515, then consumers can choose the card and combination of terms best for them.

Why did the Committee on Banking choose disclosure as the way to protect consumers and promote competition over other alternatives such as an interest rate cap? Let's return to the TV example. Suppose prices and features weren't always fully disclosed and Members of Congress were concerned that people were paying too much for TV's and decided to set a maximum price for TV's of certain percentage markup over the price of picture tubes. What results would follow? Manufacturers might produce only the most expensive models for a limited clientele or they might start charging their dealers more, reducing the dealer's margin and forcing the dealer to do things like charge more for delivery or service and so on. The results of a price cap would be absurd and no Member of Congress would seriously consider such a measure, especially when, from our own day-to-day experience, we know that disclosure would do the job of allowing consumers to choose the best TV with the features and price best for them. Yet we are being asked today to consider a price control on credit cards.

The stringent disclosure provisions of H.R. 515 will work and deserve a chance to prove their worth. Price controls, as we have seen time and again never work and only undermine the freedom of choice and competition that are the basis of our economic and political system.

Mr. HILER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. SHUMWAY].

(Mr. SHUMWAY asked and was given permission to revise and extend his remarks.)

Mr. SHUMWAY. Mr. Chairman, I thank the gentleman from Indiana for yielding time to me.

Mr. Chairman, this is a good piece of legislation and I hope all Members of this body will be prepared to support it when we vote on it a little later this afternoon.

Mr. Chairman, we have heard of the many benefits accruing to consumers by the adoption of credit card disclosure as contemplated in H.R. 515. This legislation will not only allow for better informed choices and greater selection of consumer credit by the people of this country, but will simultaneously eliminate confusion and the opportunities for trickery and deceptive advertising on the part of certain financial institutions. The bill is a good one, and should be adopted by this body.

However, the rate cap amendment as proposed by Mr. ANNUNZIO is extremely harmful, and promises to be extremely deleterious to consumers while masquerading behind the facade of consumerist legislation.

Proponents of the amendment would have us believe that the adoption of a rate cap will result in lower costs to consumers. Surely there are few Members of this body naive enough to believe this to be true.

On average, only 40 percent of the cost of a credit card is related to the cost of funds; the rest reflects administrative costs, such as collections and maintaining a worldwide authorization and payments system. Fraud and theft losses are also considerably higher for credit cards.

To place an arbitrary cap of 8 percent on such accounts will simply force increases in other sectors of the account. It is like squeezing a rubber ball—constricting the middle only causes the ends to bulge out.

The harmful result of imposing a draconian rate cap such as is provided by this amendment will surely include:

Restrictions on credit availability, particularly to marginal credit risks like young wage earners and lower income groups.

Reductions or elimination of grace periods, which will affect both those who pay off their monthly balances by requiring interest payments where none now arise, and those who keep a revolving balance, by making their effective rates higher.

Changes in retail card availability—many of these card programs now operate at a loss which is only covered by profits on the merchandise sold.

Increases in annual fees due to the loss of interest income.

Also, the contention that credit card issuers operate at exorbitant profit levels is erroneous. According to the Federal Reserve Board, the average net earnings of bank card plans before taxes averaged 1.9 percent of balances outstanding between 1972 and 1985. During the same period, average net returns on other major types of commercial bank lending were significantly higher: 2.3 percent on real estate and installment debt, and 2.8 percent on commercial and other loans.

Finally, and perhaps most importantly, we must remember that no one has ever been forced to make purchases on a credit card. Credit cards represent a line of revolving credit which is available as an option alternative to cash or check purchases. Every single one of Mr. ANNUNZIO's purportedly maligned debtors is free to stop making credit card purchases if he or she feels that interest rates are too high. Thirty-three members of the Banking Committee have signed a letter in opposition to the Annunzio amendment. This amendment represents the worst sort of Government intervention into free market operations, and will cause problems far greater than those it claims to cure, and I urge its defeat.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. FLAKE], a member of the committee.

(Mr. FLAKE asked and was given permission to revise and extend his remarks.)

Mr. FLAKE. Mr. Chairman, I rise today to speak in favor of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987 because I believe it is intelligent, proconsumer, equitable, and good sound public policy. Let us look at what proper and adequate disclosure does for the market.

First, adequate disclosure is a fundamental prerequisite for the efficient operation of markets that enables people to make good decisions based on the alternatives available to them.

Second, with the disclosure of the annual percentage rate, the annual fee and the grace period, consumers are able to compare the cost of credit among various alternatives.

Third, with this information, consumers can determine where they will actually purchase credit based on cost and other criteria.

I believe that consumers are intelligent individuals who when given the proper information will make the decision that is in their best interest. The benefit to the overall market is that we now have an efficient system. The benefit to the consumer is lower costs. The financial industry has had a history of responding to competitive pressures and change. For example, when fixed commission rates for stock purchases were eliminated, the market responded by competitively pricing this generic product. Prices to consumers fell across the board and the entire economy benefited from a more efficient market. Today, in the marketplace, consumers can now choose a financial institution that best meets their needs based on the services that the institution might offer. In this case, additional information and a free market system provided the consumer with the knowledge needed to make good decisions.

I believe that credit card disclosure will again benefit a broad base of consumers. With H.R. 515, consumers can evaluate the cost of credit just as they evaluate the overall cost of services provided by various financial institutions. Adequate disclosure and accurate comparable information is the underpinning of an efficient market system. I have the confidence that when the consumer is provided adequate information, he or she will make the decisions that will not only benefit them but the entire economy as well. I urge my fellow colleagues to support H.R. 515 unamended.

Mr. HILER. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. DREIER].

Mr. DREIER of California. I thank the gentleman very much for yielding time to me.

Mr. Chairman, I would like to congratulate the gentleman from Indiana for his fine leadership on this issue.

Mr. Chairman, although interest rates on most forms of credit have de-



clined dramatically in the last few years, the average rate charged by credit card issuers remains relatively high—around 18 percent. In fact, credit card rates are so high relative to most other forms of credit that the industry has helped to reduce the stigma associated with loan sharks.

In my view, this inequity exists because consumers do not have access to enough information to make a wise choice when selecting a credit card. With access to more information about interest rates, terms, and fees, I believe credit card users can change this unfair situation and save millions of dollars in the process.

For this reason, Mr. Chairman, I support H.R. 515, the Fair Credit and Charge Card Disclosure Act. The bill would require all credit card issuers to disclose three pieces of information at the time of application: First, the annual or variable rate; second, the annual or membership fee; and third, the existence or absence of a grace period. These are the three pieces of information consumers want to know about when shopping for a credit card.

As a credit card user myself, I am angered by unsolicited credit card mailings which fail to tell me the rate of interest, annual fee, and grace period. I believe better informed consumers can make a difference because they will seek out those cards with favorable terms. This will increase credit card competition and bring interest rates down.

On the other hand, Mr. Chairman, I believe the imposition of a restrictive rate ceiling, which my colleague on the Banking Committee, Mr. ANNUNZIO, will offer as an amendment to H.R. 515, will be a serious mistake. Rather than enhancing credit card competition and affordability, a rate cap will have harmful effects on the profitability of credit card operations and the availability of credit to less creditworthy consumers.

That's because, ultimately, the cost of a credit card depends on more than just the interest rate. Most credit card issuers offset low rates by charging higher annual fees, by eliminating the grace period, or by restricting credit to the most creditworthy individuals to reduce bad debt losses.

Proponents of a rate cap also fail to adequately consider the advantages of credit cards over other forms of credit. A one-time credit application provides consumers with convenient access to credit without having to apply for that credit every time it is needed. Also, nearly half of the Nation's credit card users pay their outstanding monthly balances in full. For them, the interest rate is not relevant because they incur no finance charges.

Ultimately, if a rate cap were imposed, subsequent fee increases and the elimination of grace periods would negate any benefits that would accrue from a lower interest rate. This conclusion was substantiated earlier this year when a Federal Reserve Board

study concluded that interest rate limits would lead credit card issuers to raise other charges, such as annual fees, and tighten credit requirements.

Mr. Chairman, most everyone agrees that there is plenty of room for improvement in the credit card industry. Bank and retail issuers of credit cards have not adequately responded to the call for more competitive credit card interest rates. H.R. 515 is an appropriate response. It will help to increase competition and lower interest rates without placing unreasonable burdens on credit card issuers. On the other hand, a rate cap will be counterproductive, and will have dangerous consequences for the allocation of consumer credit.

Therefore, Mr. Chairman, I urge my colleagues to support H.R. 515 and oppose the controversial amendment to impose a cap on credit card interest rates.

□ 1445

Mr. ST GERMAIN. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. NEAL].

(Mr. NEAL asked and was given permission to revise and extend his remarks.)

Mr. NEAL. Mr. Chairman, I rise in support of this credit card disclosure legislation and against the amendment to be offered by the gentleman from Illinois [Mr. ANNUNZIO] which would impose a credit card interest cap.

Although there is much good that can be said about this bill, I would like to comment on the cap proposal at this time because I believe it would be extremely harmful to consumers. It would be harmful because it would limit the availability of credit to high-income, good-credit-risk people. The reason that credit card interest rates are higher than many other interest rates is because credit cards are issued to a wide variety of folks. Some of these folks do not have good credit ratings, and some of them do not pay their bills, so the loss record for credit cards is much higher than it is for some other forms of credit.

Many of these people, though, would be driven to loan sharks if the credit card interest rate cap were to pass. They would be denied credit entirely from credit card issuers. In addition, an artificial cap on credit card interest rates would have an anticompetitive effect. It would drive some issuers of credit cards out of the marketplace entirely, thus reducing competition and raising rates. We also would run the very real risk that interest rates on those credit cards that offer rates below the ceiling here established would be raised to this arbitrary cap.

Mr. Chairman, I think college tuition is way too high, but I do not think we ought to have the Federal Government establish tuition rates. I think the price of cars is too high, but I do not think the Federal Government should set the price of cars. I think groceries cost too much, but I do not

think the Federal Government should establish the price of groceries. We could use many examples. I do not know of any product that I buy that I wish did not cost a little bit less. But the precise difference between our economy and that of the totalitarian and other nonmarket systems is that we let the marketplace set rates, as opposed to have the Government set prices and rates.

Mr. Chairman, on the face of this, I am sure this credit card cap has a certain appeal, but the fact is that it is very anticompetitive and would be bad for consumers. It would deny credit to low- and moderate-income people. It would drive some credit card issuers out of the marketplace entirely. It would inspire those who offer interest rates that are lower than the cap to raise their rates, and it would violate the very basic principles of a free market economy.

Therefore, Mr. Chairman, I urge the defeat of the amendment.

Mr. HILER. Mr. Chairman, I yield 3 minutes to the gentleman from Florida [Mr. McCOLLUM].

(Mr. McCOLLUM asked and was given permission to revise and extend his remarks.)

Mr. McCOLLUM. Mr. Chairman, I strongly support the legislation that is before us. I think the disclosure of information with regard to credit cards is absolutely essential for the consumer's interest, and in the past I have been known upon occasion to support some forms of a usury ceiling. But I think the idea of putting a cap on interest rates, as contained in the amendment of the gentleman from Illinois that will be introduced later today, is a bad idea. It is a bad idea fundamentally because instead of making credit more available to more people, it would actually produce the result of the opposite.

It would mean fewer opportunities for individuals to get credit in this country, particularly fewer opportunities for those who have the hardest time finding credit when they go out and look for credit, the young people, the people who have not established their creditworthiness, the people who are, therefore, at the highest risk at the credit end.

A lot of people think that our banks make a lot of money on these cards because they are charging higher interest than they charge on loans in other forms of credit around the country. The fact of the matter is that statistics show that our commercial banks in this country make substantially less on credit cards than on their regular, normal loans that they make in the course of doing business.

The fact simply is that it is a high-risk business. There are consumers out there served by these cards who will run up bills and will not pay them, the interest to which is defaulted, and somebody has to pay that cost. In the end, we have the choice of letting the



interest rates run high or eliminating all of this risk category from the marketplace. I do not think Americans want to do that because that means a lot of good credit risks, simply people who have not had the chance to establish credit, would be eliminated.

It would be, as the previous speaker said, anticompetitive. It means a reduction of the number of those institutions willing to offer credit cards, and in general it means we would come back to a point in time where we were many years ago when credit card business simply was for those people who actually were at the higher end of the income scheme. Frankly, they do not need those cards. It is the people who need them that would be hurt the worst by this.

This sounds like a great consumer amendment. In reality, it is an anti-consumer provision. If we want to help the consumer, we need to pass this bill, to let disclosure occur, let the marketplace work, and let more people who need to get access to credit have it, at reasonable prices dictated by the marketplace, dictated by the same old time-honored free enterprise system that has made this country great all these many years.

So, Mr. Chairman, I urge my colleagues to look at this for what it is. Do not look at it as the popular vote that it may appear to be on the surface. The real popular vote is to vote no against the Annunzio amendment and vote for the disclosure bill.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. KANJORSKI], a member of the committee.

(Mr. KANJORSKI asked and was given permission to revise and extend his remarks.)

Mr. KANJORSKI. Mr. Chairman, I commend the gentleman from Illinois for his leadership in protecting consumer rights and for fighting to keep credit card rates reasonable. I would like to share with my colleagues, however, a few of the reasons why the committee felt that disclosure of credit card terms and rates was a better approach than an arbitrary cap on credit card rates.

If we impose an arbitrary rate cap we guarantee that consumers will be hurt in three ways:

First, many consumers will be denied credit they need and deserve. Banks will tighten eligibility standards for credit, and they will reduce cardholders' credit limits.

Second, annual fees will increase.

Third, the grace period consumers have before they are charged interest on their purchases will be reduced or eliminated.

William Dunkelberg, the dean of Temple University's business school, has sent me an excellent letter outlining the reasons why a credit card cap would be bad public policy. I would like to share with you a brief excerpt from it:

Suppose for the moment that we are talking about fixing the price of haircuts (or linking it to the cost of electricity). Clearly, a price ceiling on haircuts would make it impossible to serve some consumers who require too much time to cut relative to what the barber would be allowed to charge. A ceiling of \$10 would cause barbers to refuse to serve any customer (rich or poor) who would cost more than \$10 in time and materials to cut. Also, hairstyles that were complicated would not be available. Thus, fewer haircuts would be available and the variety of hairstyles available would be reduced. This is not in the consumer's best interest.

Dean Dunkelberg also reminds us that a floating rate ceiling, as proposed in the amendment of the gentleman from Illinois, would increase the cost of disclosure to financial institutions because they would constantly have to reprint their disclosure forms and reprogram their computers. These costs would eventually be passed on to consumers. He further notes that only half the cost of providing credit card services is related to the cost of funds, and that competition in the credit card market is very strong, with the largest issuer having no more than 6 percent of the total market.

Finally, Mr. Chairman, I would like to suggest to my colleagues that with the current uncertainty and disruption in the financial markets, we would not be sending a good signal to the market place if we adopted an arbitrary rate cap. Disclosure, as provided in the committee bill, allows consumers to make an educated choice. An arbitrary rate cap, on the other hand, is unwarranted Government intervention in the economy which would send a bad message to the financial marketplace.

At this point in the RECORD I include the following:

TEMPLE UNIVERSITY,  
SCHOOL OF BUSINESS AND MANAGEMENT,  
Philadelphia, PA, October 26, 1987.  
Hon. PAUL E. KANJORSKI,  
Longworth House Office Building,  
Washington, DC.

DEAR MR. KANJORSKI: I am writing to encourage you to oppose Rep. Annunzio's amendment that would impose a variable interest rate ceiling on credit cards issued in the United States. Let me briefly indicate why this is not in the interest of consumers. Suppose for the moment that we are talking about fixing the price of haircuts (or linking it to the cost of electricity). Clearly, a price ceiling on haircuts would make it impossible to serve some consumers who require too much time to cut relative to what the barber would be allowed to charge. A ceiling of \$10 would cause barbers to refuse to serve any customer (rich or poor) who would cost more than \$10 in time and materials to cut. Also, hairstyles that were complicated would not be available. Thus, fewer haircuts would be available and the variety of hairstyles available would be reduced. This is not in the consumer's best interest.

The same thing happens when we impose rate ceilings on consumer loans. A rate ceiling, fixed or floating, would cause a reduction in credit availability to consumers who are more costly to serve. The options available to consumers would also be reduced. Low rates require high annual fees, higher service or merchandise prices, and fewer "goodies" attached to the card.

Floating rate ceilings also increase the cost of disclosure, as old forms must be destroyed, new ones printed, and computer programs changed to show various balances extended under various terms. Consumers can't keep up with the changes in the rates and terms and are likely to be less aware of what the current cost of using credit cards is. Lenders, like credit unions, must predict the course of interest rates in order to decide whether or not an applicant today will be a profitable customer tomorrow when rates might fall. Being cautious with depositors' money, they are less likely to make credit available.

Finally, regulating the return on loans and financial services does not help all consumers (in fact, it doesn't even help borrowers). Every dollar in interest charges "saved" is a dollar of interest income lost to savers who supply the funds used to extend credit. Think of a credit union that lends funds to its depositors through a credit card. If the credit union can only charge 10%, then it must pay its depositors less.

Credit cards are complex financial services. Only half the cost of providing credit card services are related to the cost of funds (market interest rates). The other half of the cost has not come down. Thus, even though the price of beef might fall, the price of a hamburger may not fall because the costs of other components of providing hamburgers continue to rise. So it is with credit cards.

Competition in the credit card market is very strong. The largest issuer of bank cards probably has only 5 or 6 percent of the market. A low rate ceiling will force some providers out and increase concentration while service and options are reduced. No consumers are helped. Those who qualify for low rates will always get low rates. Those who should pay higher rates will be denied credit services that they value. Savers are penalized by rate ceilings. These effects have been documented by two decades of studies by researchers at our most prestigious universities. In light of this, I hope you will oppose the imposition of price controls in the form of interest rate ceilings on credit cards.

Sincerely,

WILLIAM C. DUNKELBERG,  
Dean.

Mr. HILLER. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri [Mr. EMERSON].

(Mr. EMERSON asked and was given permission to revise and extend his remarks.)

Mr. EMERSON. Mr. Chairman, I wish to commend the gentleman from Pennsylvania for his very logical and persuasive argument. I wish to associate myself with the remarks of the gentleman from Pennsylvania.

Mr. HILLER. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. WORTLEY].

Mr. WORTLEY. Mr. Chairman, the Credit Card Savings Act is the product of lengthy public discussion and debate, and I fully support it as it was reported by myself and my colleagues on the Banking Committee. Briefly, this bill protects consumers from misleading solicitation. It requires important information to be made available. All institutions offering credit cards would be affected, including retailers and banks.



□ 1500

Although the Truth in Lending Act currently requires credit card issuers to provide information concerning the fees and interest rate associated with a credit card, this information is only available after the consumer takes possession of the card. What this legislation would accomplish is to inform consumers of such important facts before the consumer selects a particular card.

This bill would require that any written application or solicitation to open a credit card account must disclose the annual percentage rate applicable, any fees imposed for issuance or use of the card, and any grace period.

In addition, the bill requires that applications made available to the public in retail establishments or catalogs and magazines must be dated and contain accurate information as of that date, and they must inform the consumer that terms are subject to change.

This information should be available to consumers as they are shopping for the right credit card, not after completion of a sometimes lengthy application process.

Mr. Chairman, the issue of whether or not to impose an interest rate cap on credit card advancements will also be decided today. I cannot support such a cap because of the adverse affects it would have on all credit card users, particularly those who are on the margins of being creditworthy. There is bipartisan agreement that such a rate cap would be counterproductive which is why the Banking Committee declined to include it in the bill.

It has been well-documented, including a study by the staff of the Federal Reserve Board, that an interest rate cap would adversely affect consumers. This is because financial institutions and retailers would be pressured under a rate cap to raise fees, to deny credit to higher risk consumers, such as the lower income and the young, and to end benefits like the grace period—the period during which borrowers are not charged interest on their loan.

Furthermore, if less credit is available there will be fewer sales of goods and services and fewer jobs in the retail and manufacturing sectors of our economy.

Such a move by Congress would be blatant interference in a free market that has thousands of competitors. Like the wage and price controls of the 1970's, such action would have an equally disastrous effect. What will Congress cap next, the cost of clothing, automobiles or furniture? Of course, such caps are artificial.

I would also point out that it is not accurate to compare credit card rates to other interest rates. Credit card lending is extremely costly for a variety of reasons. Administration, transaction processing, authorization systems, monthly statements, fraud, and other factors increase a card issuer's expenses.

I would urge consumers to stop using their cards if a high rate is being charged or, better yet, to switch to a card that offers a more competitive rate. This has already had an effect as many card rates are dropping. But I oppose the heavy-handed approach of an interest rate cap.

According to the White House, if this legislation includes an interest rate cap it will be quickly vetoed. To best serve consumers, we should not risk a veto. We should pass this bill and have it enacted before the end of this year.

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

Mr. WORTLEY. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I appreciate the gentleman's yielding to me, and I want to commend the gentleman for his remarks and associate myself with them. I think the gentleman has pointed out very clearly why this is a good bill and why the Annunzio amendment, though well intentioned, is a very bad amendment.

Mr. WORTLEY. Mr. Chairman, I thank the gentleman from California.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. Mr. Chairman, I appreciate receiving the time.

Mr. Chairman, I just want to remind my colleagues that we are celebrating the 200th anniversary of our Nation's Constitution this year, and it is just amazing to me that here we are arguing about an amendment to a measure that would just usurp the authority of the 50 States of our Nation which historically have regulated, if they sought to, which have placed limits, if they sought to, and which have placed credit card limits, if they sought to. In the tally that I have, it shows that we have 36 States that have some level of limits or maximums on credit cards, and 14 have none.

I have heard nothing in the Banking Committee hearings and I have heard nothing here that gives me a compelling reason or any reason why this House should move in with the heavy hand of the Federal Government and impose another requirement on our 50 States.

Let us allow the State legislators, if they wish to, move in this area. I am a strong supporter of the disclosure that is in this fundamental bill, but the idea of an amendment that would place a cap from the Federal Government and tell each State what they should do in each State is, I think, wrong. It would be a wrong step to take.

So, Mr. Chairman, I oppose the Annunzio amendment, and I urge its rejection.

Mr. HILER. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. GREEN].

Mr. GREEN. Mr. Chairman, I thank the gentleman for yielding to me.

I rise in support of the pending bill, which I think is a well-thought-out, well-crafted piece of legislation, and which I hope to be able to support.

I say that I hope to be able to support it, because I oppose the Annunzio amendment; and if that were added, I should then no longer be able to support this legislation.

Though the Annunzio amendment is well-intentioned, its effects would in fact be extremely negative for those whom it seeks to help.

I should like to speak particularly from the point of view of those who in fact pay off their balances every month. It is interesting who some of those people are: There is a recently published study by the Federal Reserve Board which shows that, among credit card users with less than \$10,000 per year in family income, 48 percent customarily pay off their outstanding balances each month.

Among card users in households headed by persons 65 or older, 75 percent pay off their balances in full each month.

One does not have to be a financial genius to understand that if credit card issuers have the interest rates that they can charge artificially forced down, inevitably they must find their revenues somewhere else. The way to do that is either to increase the annual charge or to eliminate the grace period.

Either of those obviously falls with heavy effect on those who now customarily pay off their balances every month. Those who do so, as I have just pointed out, and as the Federal Reserve Board has told us, are particularly those from low-income households, less than \$10,000 a year income, or elderly households.

Mr. Chairman, it turns out that the Annunzio amendment, which is intended to help the "little guy" in fact is devastating to him.

Mr. ST GERMAIN. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. LEHMAN].

(Mr. LEHMAN of California asked and was given permission to revise and extend his remarks.)

Mr. LEHMAN of California. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in support of the legislation and in opposition to the amendment offered by the gentleman from Illinois [Mr. ANNUNZIO].

As a member of the Committee on Banking, Finance and Urban Affairs, and a rather prolific credit card user, I certainly appreciate the intent of capping interest rates on credit cards.

I agree that in many instances these interest rates have been unnecessarily high, and I also agree that something has to be done.



The bill, as written, however, is sufficient medicine for the illness given the current conditions.

I am not convinced that capping credit card interest rates is the best way to reduce interest rates, nor do I believe that a national credit card interest rate cap serves the best interests of credit card users or issuers.

This is especially so, since a better alternative exists, such as strong disclosure embodied in this bill.

I am familiar with disclosure legislation, being the author of the Truth in Savings Act which has already passed this House.

I am familiar with the benefits of reasonable disclosure. H.R. 517 provides that by mandating the disclosure of interest rates, terms, and conditions which can affect credit cards.

When one takes into account the varying finance charge rates, annual fees, grace periods, and other terms of pricing credit cards, you can readily see that alternatives exist for credit card issuers to increase what consumers have to pay regardless of how we cap the interest rates. And when they increase those fees, those transactions costs, or cut those grace periods, those will not be things that the consumer can immediately identify like he or she can identify an interest rate.

They will be far more hidden, but the result will be the same. At the very best, a mandated credit card usury ceiling would benefit only a small portion of cardholders, and would restrict the type of credit opportunities for the remainder of existing and potential cardholders.

Strong disclosure, however, will give everyone the tools and resources to comparison shop among all credit cards, and allow consumers to make intelligent decisions when choosing whether or not to get a credit card, and how exactly to use that card.

It should be noted that since the gentleman from New York [Mr. SCHUMER] first introduced this legislation in the 99th Congress, there have been some rather dramatic declines in credit card interest rates due to increased competition and increased exposure of this issue to the public.

There are clear signs that the mechanisms within our marketplace actually work, and they will work much better with the full disclosure mandated in this bill.

The disclosure requirements here will lend momentum to the trend in reduced credit card interest rates, and continue to make credit card opportunities available to all potential users. If abuses persist or expand, if rates do not come down, then we can always come back and take more restrictive action; but there is no question for doing that now.

I urge the Members to oppose the amendment and support the bill that the Committee on Banking, Finance and Urban Affairs has reported.

Mr. HILER. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HOUGHTON].

Mr. HOUGHTON. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I must assume that the thrust of the credit card issue we are discussing is the end result to help the customer—the user of credit cards.

In our system, the so-called free enterprise system, competition, lots of it, drives up quality and drives down prices.

It is the basis of everything that goes on in the marketplace. It is the engine which produces the vital ingredient which is a choice when we go shopping, and that means shopping, among other things, banks, and credit unions, and traveler's checks and credit cards.

If we want to help the customer, the consumer, then we should give him the information to make a better choice. If we vote to cap the rates on credit cards, we inevitably produce an atmosphere, history says, whereby everyone reaches for that cap, sad but true.

If we want to help reduce the cost to the consumer, we can do that by permitting many a free choice and better information to exercise that choice.

The gentleman from New York [Mr. SCHUMER] is right on.

Mr. ST GERMAIN. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. SCHUMER], a member of the committee.

Mr. SCHUMER. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I thank the chairman for the chairman's leadership on this issue, and salute the Members, including the gentleman from Indiana [Mr. HILER] for their hard work on this issue.

A few years ago we embarked on a campaign, and the campaign was to lower credit card interest rates.

At that time everywhere one would look, the rates were unduly high while interest rates in general had come down.

Mortgages were down, auto loans were down, even personal loans were down; but credit card interest rates stood stubbornly high at 18.9 percent.

The market was not working. In fact, the credit card industry had defied the basic rules of how a market should work.

Simply put, the credit card industry defied free market physics. What had gone up showed no signs of coming down, but we turned the spotlight on the industry. We let people know how high the rates were, and we pointed out to them that in little corners of America, there were a few financial institutions issuing cards at lower interest rates.

Lo and behold, the market began to work, slowly but steadily, so that now there are hundreds of banks that do not issue the credit card interest rates

at 18.9 percent, but issue them at 10, 11, 12, and 13 percent because of the campaign we waged.

There is one thing that is missing, and dearly missing it is; and that is an adequate disclosure bill, because those banks with low rates are definitely showing people they have low rates.

Here is an ad from the Bank of Baltimore, and in big letters they say 13.9 percent, but here is Chase Manhattan's ad, very nice, all the special things you have, but you can look through the ad, look through the application, no indication of what the rate is.

As a result, I got together with the gentleman from Georgia and many other members of this committee; and we said, let us see if we force all of those institutions to show in big letters on every solicitation and application what those interest rates are, let us see what the consumer will do.

What do you think the consumer would do when one ad says in this so-called Schumer box which has the annual rate, the annual fee and the grace period, 19.5 percent in big clear letters, and an ad in the same magazine has 13.5 percent in big letters. Does anyone doubt that the market will crack? I believe it will.

I believe that tough disclosure will help us finally achieve the goal we set out upon years ago which was to get the market to crack and bring the rates down to the rates of other types of loans.

Some say maybe we should do it with a cap, and initially I thought the cap was the way to go. I introduced the bill that had a cap, but at that time all the banks were at 18.9 percent, and disclosure would not do much good, because everyone would be saying the same thing.

Now there is diversity in the market, and disclosure can work. It can work in a very real and significant way. On the other hand, we could beat our breasts and pass a cap amendment here today, we most certainly could; but it would probably inevitably foil any attempt to get any law and bring us to the goal we have worked so hard to get, which is interest rates down, because in the other body it is no secret.

We have all read the statements. Many of those leaders have said, you send us a bill with a cap, and there is no legislation; and of course, the White House, if we brought a cap bill, would veto it.

Let us accomplish something, get the market to crack, pass H.R. 515 and help consumers in the way they so richly deserve.

Mr. FRENZEL. Mr. Chairman, there is hardly a legislature, parliament, or council which has not had to consider some provision or other to protect borrowers by establishing interest ceilings. Apparently representatives everywhere have accepted the myth that their constituents can be protected by denying them credit.



In practice, thankfully, legislative bodies have rejected new proposals, and repealed old statutes for one reason only—interest rate ceilings hurt only the people their promoters are trying to protect. Ceilings deny credit to the poor, raise the price of credit to those who need it most, and protect only the affluent, the cash buyer.

My State, Minnesota, for years had a usury ceiling on mortgage interest, jealously guarded by consumer interests led by the big unions. When interest rates rose above the ceilings, Minnesota home buyers received unusual protection—they were prevented from buying houses.

Eventually, the guardians of consumer interests had to recant. Only then were Minnesota savings made available to Minnesota home buyers. Only market interest rates could keep Minnesota money at home.

Credit card interest is not exactly like mortgage interest, but the principle is the same. A ceiling will help only the cash buyer. The marginal credit risk won't be issued a card. All the rest of card users will pay more for the services and goods purchased on credit.

Legislating credit ceilings is like passing a bill to decree the sky shall be blue all the time, or posting a notice that the wind shall stay off the grass. The wind can't read, and there will still be clouds.

The bill, H.R. 515, is a reasonable disclosure bill which will be a genuine help to discerning consumer-borrowers. The debate over the interest rate ceilings should not be allowed to confuse the central issue. H.R. 515 is a good bill. It is only the amendment which should be defeated.

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of H.R. 515 and in opposition to the amendment to impose a ceiling or cap on credit card interest rates. H.R. 515 would encourage competition through disclosure and promote shopping through information to the consumer. Every credit card company will be required to disclose the rates, fees, and grace periods applicable to the consumer.

Mr. Chairman, I am however opposed to the amendment being offered to impose a cap or ceiling on credit card interest rates for many reasons. The cap would cause the disclosure provisions to be defeated in the Senate and vetoed by the administration. This amendment is opposed by the New York Times, the Federal Reserve Board, the Federal Home Loan Bank Board, Comptroller of the Currency, and the FDIC. Furthermore, a rate cap would decrease the number of consumers who can qualify for cards, particularly low-income families and young wage earners. Finally, the cap will not decrease total costs to credit card users for services a card provides because lenders are more likely to increase other cost components such as annual fees and grace periods.

Mr. Chairman, Congress should not start imposing artificial caps on credit card interest. If this passes then it may next lead to caps on home loans, agricultural loans, or car loans. I encourage my colleagues to oppose this amendment and support H.R. 515.

Mr. GILMAN. Mr. Chairman, I rise in support of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987. I would like to commend the author of this legislation, my distinguished colleague from New York [Mr. SCHUMER], for his efforts to craft a reasonable measure which provides urgently needed pro-

tections to credit card consumers. I also commend the chairman and the ranking minority member of the Banking Committee, Mr. ST GERMAIN and Mr. WYLLIE, for bringing this measure before the full House for our consideration.

The benefit provided by H.R. 515 is a requirement for disclosure of all relevant information to the potential credit card customer. H.R. 515 will require the bank issuing a credit card to clearly state its annual percentage rate, annual fee, the grace period, and other pertinent information on all applications and solicitations for the card. This will correct a serious deficiency in existing law which requires the disclosure of this same information, but only upon actual receipt of the card, after the consumer has already completed the application. By making this change, H.R. 515 will provide the consumer with the necessary information he or she may need in order to make an informed decision.

By providing consumers with this knowledge, H.R. 515 provides for true competition in the credit card market. Disclosure will allow consumers to select among all the various credit card offerings and find a card which is particularly suited to their own personal credit needs. By providing the relevant information, disclosure will also allow consumers a true basis of comparison from which to make an informed decision. It is this information that will foster true competition in the credit card marketplace.

Mr. Chairman, much has been said about a proposed amendment to cap credit card interest rates. While this amendment makes for good political rhetoric, a more considered look reveals that the proposal makes for poor public policy. Proponents of the cap have painted the issue as clear and simple. The distinguished author of this amendment, Mr. ANNUNZIO, states that this amendment leaves for only one interpretation. He states that if you support consumers, then you should support lower interest rates, and therefore you should support his amendment. Mr. Chairman, I do not agree with that rationale.

While I support consumers and favor lower interest rates, I cannot support the Annunzio amendment. Contrary to the arguments of its proponents, I believe the interest rate cap will do more to harm consumers than to help. This amendment would close the door on many credit card customers who now enjoy free access to the credit card market. By reducing the pool of available credit, this amendment would cause banks to eliminate its high-risk accounts and "marginal" credit card customers. Consequently, many young people, elderly, and low-income groups might be denied their rightful access to the convenience of bank credit. In addition, the amendment would hurt consumers further by pressuring banks to shorten grace periods and raise annual fees. Finally, I see no compelling reason for tying interest rates to the return on 1-year Treasury bonds. In a period of low interest rates, this amendment would artificially inflate the annual percentage rate charged to credit card customers.

Mr. Chairman, it is clear that this amendment is not founded in sound economics. While I commend my good friend, the distinguished gentleman from Illinois [Mr. ANNUNZIO], for his worthy intentions of protecting consumers, I submit that the amendment does not fulfill those high aspirations. Accordingly, I

urge my colleagues to support the disclosure provisions of H.R. 515 without any amendments.

Mr. McEWEN. Mr. Chairman, I rise today in support of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987. This bill reflects the diversity of the services offered by the credit card industry and the needs of the consumer.

As my colleagues are aware, H.R. 515 requires the uniform disclosure on credit card applications of interests rates and other relevant fees to the consumer. In my view, these disclosure provisions would improve the competition among credit card providers. In addition, this would allow the marketplace to operate more efficiently and would enhance the final product for consumers. I can envision more favorable terms and lower interest rates for customers because of the limited and balanced approach of this legislation.

Also, Mr. Chairman, there has been considerable discussion regarding the imposition of a cap on credit card interest rates. I oppose this action because it is anticonsumer and does not allow the marketplace to work its will. Marginal or new credit card applicants may be denied a credit card because the interest rate cap would result in the tightening of credit standards. Currently, banks and credit card companies are more inclined to grant a credit card to these persons. This is because of the present flexibility in the marketplace and an absence of restrictions that would curtail the competitive forces in the market. I strongly urge my colleagues to oppose this cap and defeat the Annunzio amendment.

Mr. Chairman, the Fair Credit and Charge Card Disclosure Act is good for the consumer and it is good for business. The House of Representatives should approve this legislation.

Mr. HILER. Mr. Chairman, I yield myself the remaining time.

Mr. Chairman, to sum up in general debate from this side, the Members have heard of the unanimous support for increased disclosure on the terms of credit cards.

Every Member who has spoken has talked about the fact that with increased disclosure, the market system can work better, the competitive forces that are out there will continue to work better.

Mr. Chairman, there are over 3,000 issuers of credit cards in this country, over 13,000 participating financial institutions in this country.

As the gentleman from New York mentioned, if there is uniform and increased disclosure, there will be an increased and tremendous amount of competition.

The time is not right, nor will the time ever be right, to impose Federal price controls on interest rates that credit card issuers can charge.

Mr. Chairman, people have credit cards for a variety of reasons, for convenience, a substitution for cash, as unsecured lines of credit.

Some people pay them off immediately or over a period of several years. Some people have a higher tolerance for annual fees. Some people do not care if there is a grace period.



Some people do not care if they have \$1,000 limit or a \$500 credit limit; but the fact is that as soon as the Federal Government level, as soon as we begin to impose the terms under which credit cards will be issued, then there will be a tendency for some users of credit cards to be blanked out of the market.

The terms that are imposed will be terms that they cannot tolerate for one reason or another, and the people that will be most affected will be those low-income individuals, those moderate-income individuals, those young people who have not established a credit history. They will be denied access to a credit card, this form of convenience.

The Federal Government should not impose price controls. I urge the Members to vote for the disclosure and against the Annunzio amendment.

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

The CHAIRMAN. Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported bill shall be considered as an original bill for the purpose of amendment, and each section shall be considered as having been read.

The Clerk will designate section 1.

The text of section 1 is as follows:

*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 "Fair Credit and Charge Card Disclosure Act of 1987".

The CHAIRMAN. Are there any amendments to section 1?

If not, the Clerk will designate section 2.

Mr. ST GERMAIN. Mr. Chairman, I ask unanimous consent that the balance of the committee amendment in the nature of a substitute be printed in the Record and open to amendment at any point.

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

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

#### SEC. 2. CREDIT AND CHARGE CARD DISCLOSURE REQUIREMENTS.

(a) DISCLOSURE REQUIRED IN SOLICITATIONS BY CREDIT CARD ISSUERS AND IN APPLICATIONS FOR CREDIT CARDS.—Section 127 of the Truth in Lending Act (15 U.S.C. 1637) is amended by adding at the end thereof the following new subsection:

"(c) DISCLOSURE IN CREDIT CARD APPLICATIONS AND SOLICITATIONS.—

"(1) IN GENERAL.—Any written application indicating that such application can be used to open a credit card account for any person under an open end consumer credit plan, and any written solicitation or telephone solicitation by a creditor in which such creditor offers to open a credit card account for any person under any open end consumer credit plan without requiring such person to complete a written application to open such account, shall contain on or with such application or solicitation the following information, to the extent applicable:

"(A) The annual percentage rate applicable to extensions of credit under such credit plan or, in the case of extension of credit which is subject to a variable rate, the means for determining that rate.

"(B) Any annual or other fee imposed for the issuance of a credit card or availability of a credit card account, including any account maintenance fee or any monthly charge imposed when there is activity for the account during the billing cycle.

"(C) The date by which or the period within which any credit extended under such credit plan for purchases of goods or services must be repaid to avoid incurring a finance charge, and, if no such period is offered, such fact shall be clearly stated. If the length of such 'grace period' varies, the card issuers may disclose the range of days in the grace period, the minimum number of days in the grace period, or the average number of days in the grace period, if the disclosure is identified as such.

"(2) SPECIAL RULE FOR TELEPHONE SOLICITATIONS.—In the case of telephone solicitation described in paragraph (1), the creditor may elect—

"(A) to provide only the applicable annual percentage rate and annual fee in the course of such telephone solicitation; or

"(B) to provide the disclosures required by paragraph (1) in writing within 30 days after the consumer's request for the card, and not later than with the card, if—

"(i) during such telephone solicitation the consumer is informed that the consumer is not obligated to pay any charge if the consumer does not want the card or account;

"(ii) such written disclosure includes the clear and conspicuous notice that the consumer is not obligated to pay any charges if the consumer does not want the card or account; and

"(iii) the credit card is issued primarily for the purpose of purchasing property or services from the card issuer, a person related to the card issuer, or persons licensed or franchised to do business under the card issuer's business or trade name or designation.

"(3) SPECIAL RULE FOR 'TAKE-ONE' AND MAGAZINE APPLICATIONS.—In the case of written applications described in paragraph (1) which are distributed at commercial retail establishments and other public locations and made available to the public at such locations, or which are included in any catalog, magazine, or other publication, such applications meet the requirements of paragraph (1) if either—

"(A) such applications contain, or are accompanied by—

"(i) the information required to be included in such applications under paragraph (1) and such information is accurate as of the date the applications are printed; and

"(ii) a statement, in a conspicuous and prominent location on the application, that—

"(I) the information contained in the application is subject to change; and

"(II) the applicant should contact the creditor for information on any change in the information contained in the application since the application was printed; or

"(B) such applications contain, or are accompanied by, the disclosures required by paragraphs (1) through (6) of subsection (a).

"(4) SPECIAL RULE FOR CHARGE CARDS.—

"(A) IN GENERAL.—Any application or solicitation for a charge card shall disclose, clearly and conspicuously, the following information, to the extent applicable:

"(i) Any annual or other fee or charge imposed for the issuance of a charge card, including any account maintenance fee or any monthly charge imposed when there is ac-

tivity for the account during the billing cycle.

"(ii) A statement that charges incurred by use of the charge card are due and payable upon receipt of and in accordance with a periodic statement of charges.

"(B) ISSUERS OF CHARGE CARDS WHICH PROVIDE ACCESS TO OPEN END CONSUMER CREDIT PLANS.—If any charge card permits the card holder to receive an extension of credit under an open end consumer credit plan which is not maintained by the charge card issuer, the charge card issuer may provide the information described in subparagraph (A) in lieu of the information required to be provided under paragraph (1) with respect to any credit extended under such plan, if the information required to be disclosed under paragraph (1) is provided to the charge card holder by the creditor which maintains such open end consumer credit plan before the first extension of credit under such plan.

"(C) CHARGE CARD DEFINED.—For the purposes of this subsection, the term 'charge card' means a card, plate, or other single credit device that may be used from time to time to obtain credit which is not subject to a finance charge."

(b) CERTAIN INFORMATION REQUIRED TO BE DISCLOSED IN TABULAR FORM.—Section 122 of the Truth in Lending Act (15 U.S.C. 1632) is amended—

(1) in the third sentence of subsection (a), by striking out "Regulations" and inserting in lieu thereof "Except as provided in subsection (c), regulations"; and

(2) by adding at the end thereof the following new subsection:

"(c) TABULAR FORMAT REQUIRED FOR DISCLOSURES UNDER SECTION 127(C).—

"(1) IN GENERAL.—The annual percentage rate, annual fee or similar charge, and grace period disclosures required under paragraph (1) of section 127(c) in any written solicitation or application shall be—

"(A) disclosed in the form and manner which the Board shall prescribe by regulations; and

"(B) placed in a conspicuous and prominent location on or with any written application, solicitation, or other document or paper with respect to which such disclosure is required.

"(2) TABULAR FORMAT.—

"(A) FORM OF TABLE TO BE PRESCRIBED.—In the regulations prescribed under paragraph (1)(A) of this subsection, the Board shall require that the annual percentage rate, annual fee or similar charge, and grace period disclosures referred to in paragraph (1) shall, to the extent the Board determines to be practicable and appropriate, be disclosed in the form of a table which—

"(i) contains clear and concise headings for each item of such information; and

"(ii) provides a clear and concise form for stating each item of information required to be disclosed under each heading.

"(B) BOARD DISCRETION IN PRESCRIBING ORDER AND WORDING OF TABLE.—In prescribing the form of the table under subparagraph (A), the Board may—

"(i) list the items required to be included in the table in a different order than the order in which such items are set forth in paragraph (1) of section 127(c); and

"(ii) subject to subparagraph (C), employ terminology which is different than the terminology which is employed in section 127(c) if such terminology conveys substantially the same meaning.

"(C) GRACE PERIOD.—Either the heading or the statement under the heading which relates to the time period referred to in section 127(c)(1)(C) shall contain the term 'grace period'."



(c) COORDINATION WITH OTHER LAWS.—Section 111 of the Truth in Lending Act (15 U.S.C. 1610) is amended—

(1) in subsection (a)(1), by striking out "Chapters 1, 2, and 3" and inserting in lieu thereof "Except as provided in subsection (e), chapters 1, 2, and 3"; and

(2) by adding at the end thereof the following new subsection:

"(e) CERTAIN CREDIT CARD APPLICATIONS DISCLOSURE PROVISIONS.—The provisions of section 127(c) shall supersede any provision of the law of any State relating to the disclosure of information in any credit card application or solicitation which is subject to the requirements of section 127(c), except that any State may employ or establish State laws for the purpose of enforcing the requirements of section 127(c)."

(d) EFFECTIVE DATE.—Any regulation required to be prescribed by the Board under the amendments made by this section shall—

(1) take effect not later than the end of the one hundred and fifty day period beginning on the date of the enactment of this title; and

(2) apply only with respect to applications, solicitations, and other material distributed after the end of the one hundred and fifty day period beginning after the end of the period referred to in paragraph (1), except that—

(A) in the case of take-one and other applications subject to section 127(c)(3), such period shall be two hundred and forty days; and

(B) any card issuer may, at its option, comply with the provisions of this Act prior to the applicable effective date, in which case the provisions of this Act shall be fully applicable to such card issuer.

#### AMENDMENT OFFERED BY MR. ANNUNZIO

Mr. ANNUNZIO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANNUNZIO: Page 10, after line 21, add the following new section:

#### SEC. 3. CREDIT CARD INTEREST RATE CEILING.

(a) IN GENERAL.—Chapter 1 of the Truth in Lending Act (15 U.S.C. 1601 et seq.) is amended by inserting after section 109 the following new section:

#### "SEC. 110. LIMITATIONS ON CREDIT CARD INTEREST RATES.

"(a) IN GENERAL.—During any calendar quarter, no creditor may impose a finance charge under any open end credit plan involving a credit card which results in an annual percentage rate greater than 8 percentage points over the yield on 1-year securities in the Treasury constant maturity series for the second month of the preceding calendar quarter.

"(b) CERTAIN PROVISIONS OF STATE NOTICE LAW SUPERSEDED.—Notwithstanding any State law which requires a creditor to provide notice to any person to whom credit has been extended before the creditor may increase the rate used to compute the finance charge imposed on such credit, a creditor may increase such rate for any calendar quarter by the amount by which the maximum allowable rate determined by such calendar quarter under subsection (a) exceeds the rate in the preceding calendar quarter.

"(c) STATE CEILINGS NOT SUPERSEDED.—Except as provided in subsection (b), this section shall not permit the imposition of any finance charges in excess of any limitation on finance charges determined under applicable State law."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 1 of the Truth in Lending Act is amended by inserting after the

item relating to section 109 the following new item:

"110. Limitations on credit card interest rates."

Mr. ANNUNZIO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

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

There was no objection.

The CHAIRMAN. Under the rule, the gentleman from Illinois [Mr. ANNUNZIO] will be recognized for 30 minutes and the gentleman from Indiana [Mr. HILER] will be recognized for 30 minutes.

Mr. HILER. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. SCHUMER] be recognized for 15 minutes and that the gentleman be permitted to yield blocks of time during the debate on the Annunzio amendment.

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

There was no objection.

The CHAIRMAN. The Chair now recognizes the gentleman from Illinois [Mr. ANNUNZIO].

□ 1515

Mr. ANNUNZIO. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. BIAGGI].

Mr. BIAGGI. Mr. Chairman, I rise in total support of the Annunzio amendment to place a reasonable cap on credit card interest.

In my opinion, it comes several years too late, yet it may well happen in 1987 which as the turbulence on Wall Street has proven, may go down as the year of living too dangerously and paying for it.

Passage of the Annunzio amendment will allow us to renew our rightful role as advocates for consumers. It will also cure the greed that infected the credit card industry for the last several years, and I mean greed. This credit card business is the biggest money item that banks have.

I want to commend the gentleman from Illinois [Mr. ANNUNZIO], the distinguished chairman of the Subcommittee on Consumer Affairs and Coinage, for his courageous leadership on this important issue. For the past couple of years he has eloquently and vigorously stated the case that the credit card industry is ripping off the American consumer through outrageously high credit card interest rates.

I am proud to join in the call for Federal intervention to correct this gross injustice.

In February 1985 I first proposed the idea of placing a reasonable cap on credit cards interest rates. At the time my bill would have lowered credit card interest rates from a national average of 18.6 percent to a far more reasonable 13 percent.

The amendment before us is slightly more modest, lowering interest rates from about 18 to about 15 percent, but would still save American consumers about \$1 billion annually in credit card interest rate charges.

The problem we are facing here is a simple one. Our nation is addicted to plastic money and the credit card pushers are preying on that addiction. When people say the purchaser or the consumer has the right to choose or not to choose to use the credit card, they are flying in the face of reality. We have an American public that is addicted to credit cards. How else can we explain the fact that 100 million Americans are paying an average of 18 percent interest for the convenience of using a credit card when the banks are only paying about 6 percent for the same money and charging 18 percent. This is a 200-percent markup. It is a national disgrace.

Where is all this extra money going? The banks are quick to talk about fraud and abuse losses and high administrative costs. However, both VISA and MasterCard have recently reported dramatic declines in credit card counterfeiting and administrative costs have remained relatively stable over the last several years while credit card rates have actually gone up.

The banks say they need to charge these higher rates to make a modest profit.

They argue that if rates were lowered, consumers would lose their interest-free grace period and end up paying higher fees. However, that is simply not true. Merely consider the example of Simmons First National Bank in Pine Bluff, AK. Simmons charges only 11 percent and there is a cap in that State, and there has been for some time. As a result of that cap they charge 11 percent on their credit cards and the consumers are there. They still manage to offer their customers a 25-day grace period. They charge a modest \$25 annual fee and, surprise, surprise, they even manage to make a healthy profit. In fact, they welcome out-of-state customers with open arms.

It is not the only State with a cap.

I would like to put another myth to rest. The banking industry has long stated that competition in the marketplace should be allowed to set rates. In truth, there is no real competition in the credit card industry. Banks like Simmons are the rare exception, not the rule. In fact, the 10 top issuers of bank cards account for more than one-third of all the cards issued and there is virtually no competition between the rates offered by these industry giants, in fact the average interest rate they charge is 19 percent, a full point higher than the national average.

The result: 8 of the 10 bank card issuers reported hefty earnings, increases over 1986, increases ranging from \$3.2 million to \$107.2 million.



Some have suggested that we leave these problems for the states to address. This is a fatally flawed argument. Consider that those States that have set reasonable credit card ceilings have seen their credit card business move to States with high ceilings or no ceilings. That is why we need a national rate cap, one that will be applied fairly and universally.

One final observation, Mr. Chairman, and I am sure I am not the only member who has been receiving letters from credit card issuers urging support for the disclosure bill and opposition to the Annunzio amendment. But do not be fooled, the true color of the credit card industry is dollar bill green, but they know the realities just like I do. Disclosure will make consumers more aware of what they already know, that most current credit card rates are a big rip-off and if my colleagues do not think so, attend their conventions and attend the classes that talk about the money they are making on credit cards. It is the liveliest thing they have.

The only real way to slow the credit card industry moneymaking machine would come in the form of a credit card rate cap. That is what it is, pure and simple, a moneymaking machine.

We have been here a long time, and I do not have to tell my colleagues the way they effectively lobby. I am not going to go into the details now, but we are all sufficiently experienced to know what has happened. The only way out, the only way to deal effectively with this problem is to put on a cap.

Mr. Chairman, I do not know if this amendment will pass or not, but I feel it should pass. If my colleagues are talking about consumer interest, I mean real consumer interest, they will vote for it. Whatever your other considerations are, that is what we live with, but the consumers of America want it, they need it, they deserve it. The banking industry is ripping them off, taking advantage of an addiction, and my colleagues know it. We all have that addiction, the credit card addiction.

I applied to Simmons First National Bank, and I have an account from Arkansas. That is what I use, but how many people take that initiative? If they all did, the rates would come down. That is not the way it is, however, because competition does not exist among the big banks.

I say to my colleagues that they know that and I know that, because they function in their own unique way and take advantage of inertia. They take advantage of the inertia of the consumer who has the card and accepted it as a way of life. It is incumbent upon us as Members of Congress to protect the consumer against themselves and against the banking industry that continues to exploit and extort the exorbitantly high rates that they have been currently getting.

Mr. SCHUMER. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. BARNARD], the lead sponsor of this bill.

(Mr. BARNARD asked and was given permission to revise and extend his remarks.)

Mr. BARNARD. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, we all have great respect for the author of this amendment and for some of the supporters of it. But this is far from an emotional issue. This is an academic issue, and academics have come down on the side that it is a wrong amendment. It is a wrong amendment for the consumer. This amendment runs counter to the nearly unanimous views of the Committee on Banking, Finance, and Urban Affairs of the House, and the markup transcript shows that this amendment received only one voice vote. Moreover, 33 committee members have circulated a "Dear Colleague" letter to underscore their committee votes.

This kind of opposition from those who specialize in bank and consumer legislation should be a clear sign to the full body that we are looking at something other than "greed." I hope, my colleagues, you do not believe that we sit, figuring out ways to soak the public.

Rather, I hope, you understand we have looked at the whole issue of credit cards very closely. We have weighed studies by academics and by the regulatory agencies. We have not accepted these voluminous studies—uniformly opposed to caps—at face value. Rather, we have used our collective judgment, using a hearing record.

I am comforted the editorialists agree with us. The New York Times and the Chicago Tribune have written against this amendment.

Many of you might reel at the rates thrown around today in debate. Yet, we have carefully examined the underlying facts.

Credit cards are a multifeature service. They provide financial identification when you fly or check into a hotel or when you purchase goods away from home. If you lose them or they are stolen, under law, your maximum liability is \$50 per card. You have all kinds of rights as a cardholder if you do not like the goods or services you purchased with them. The holder in due course doctrine does not apply. And on and on.

Moreover, the cardholder has many options on how expensive he wants the service to be. The holder does not have to use it for credit. In most cases, he can simply pay his monthly billing in full. Indeed, in that case, the bank gets stuck and the cardholder has gotten a financial benefit on float since the purchase. Moreover, there are cost cutting items like grace periods for payment.

In short, credit card rates really are a price for a package of services, and

only a part of that package is the lending component to be.

What about the "gouging" issue? Credit cards are not excessively profitable. The latest comparative Federal Reserve summaries show that net earnings of bank card plans before taxes average 1.9 percent of balances outstanding from 1972 through 1985. This is significantly lower than the average net returns on major types of commercial bank loans for the same period: 2.3 percent on real estate mortgages, 2.4 percent on commercial and other loans.

With figures like that the committee could not just willy nilly say—you are gauging the public. We had to look further. Why do we sometimes see higher figures in some institutions and not so high figures in others. A lot has to do with administration and loss expenses. These account for about 60 percent of credit card interest rates. Losses, processing, etc.—cost.

Further, we had to consider the cost to the Federal Government in lost revenue. The full deductibility is being phased to zero. The Federal subsidy for this whole service system is about to end. Pricing the whole service will change. Competition will intensify and probably the whole charge for the service will decline.

Well, enough. Those are the things the committee had to consider. Our net balance was—no caps. Our net balance was the disclosure—not the fixed price system—is best for the consumer.

I sincerely hope the House will sustain your committee's judgment.

□ 1525

Mr. ANNUNZIO. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Illinois [Mr. LIPINSKI].

Mr. LIPINSKI. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong support of the Annunzio amendment. It is time the American consumer be given a fair shake by restricting credit card companies to a legitimate profit.

Two-thirds of all credit card users carry over their finance charges. We need to reduce the bloated interest rates that have plagued consumer spending, especially in the next year when credit card users will no longer be able to deduct their interest charges from their income tax returns.

A lack of confidence in the stock market, skyrocketing credit card rates, and the loss of deductibility, make for a sluggish Christmas shopping season. Yet, this is the time when increased consumer spending gives a shot-in-the-arm to our economy. Over one-quarter of all spending is done at this time. Lower credit card rates will spur the economy.

Mr. Chairman, I have firsthand knowledge of how important this issue is to the consumers of America. Back in my home district on the southwest



side of the city of Chicago an individual who ran for the State Treasurer's job in Illinois had one single issue. That issue was that he was going to cap the credit card rates in the State of Illinois. This man ran in the primary against four other individuals. He had the least amount of financing for his campaign and he won that primary. He then ran in the general election, with an Italian name, which is not that popular in the entire State of Illinois, and was underfinanced, but once again because of this issue he won that election and he became the State Treasurer of the State of Illinois, and he has used his power and his influence in the State of Illinois with the banks to reduce the rates of interest on credit cards.

This has been extremely successful in the State of Illinois, and if it has been successful in a State which has such a mixed economy as Illinois does I think it can be very successful on the Federal level.

I understand in a nationwide survey that over 80 percent of the people that were interviewed favor this cap.

I also would like to say one other thing, too. I had an awful lot of people from my retail businesses, large companies, I will not say Sears and Roebuck, but like Sears and Roebuck, and they tell me that they have these credit card rates because it helps subsidize their materials that they sell in their stores. They charge so much on the credit card rates and they can feed that in and keep the price on shirts and ties and suits and things like that down. I have asked them to produce that information for me. Unfortunately, they have never come forward and produced that information, so I have to question their argument.

In conclusion, let me just say I want to commend the gentleman from Illinois [Mr. ANNUNZIO] for his amendment. I think he has shown outstanding leadership and foresight.

Mr. HILER. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. BUNNING].

(Mr. BUNNING asked and was given permission to revise and extend his remarks.)

Mr. BUNNING. Mr. Chairman, I rise today in strong opposition to the amendment to place caps on credit card interest rates.

H.R. 515 is landmark consumer legislation that deals with disclosure of certain credit card terms that are of great importance to the American Consumer. Under the bill, consumers would receive the vital facts necessary to make an educated decision on what credit card they choose to hold.

If a consumer knows the annual interest rate, the annual fees and grace periods relative to credit card offerings, he has all of the information necessary to make an educated consumer choice about which card he wants to carry in his wallet.

However, now there is an amendment pending to take this legislation

one step further. The amendment would place caps on credit card interest rates. While I strongly support the disclosure provisions of H.R. 515, I am opposed to any attempt to cap credit card interest rates.

I could go on for hours giving the reasons why we should not support this amendment, but today I want to discuss my two major objections to the amendment.

First, and foremost, this amendment is going to hurt those Americans who very desperately need credit. The picture of a credit card system with interest rate caps is not very promising for these people.

To understand what I am talking about, just look at the short history of the credit card in this country. The expansion of the credit card market has opened up new credit opportunities for groups of Americans previously ineligible.

Students, Americans without credit records, and Americans on fixed and moderate incomes can now obtain credit. Ten or fifteen years ago this was unheard of in the industry.

If a credit card interest rate cap is imposed, the bottom line is that banks will stop giving out credit cards to any one who they might consider a credit risk. Hence, honest, hardworking Americans, earning modest incomes and lacking credit histories will be denied credit.

We have come a long way in this country to give people the opportunities of improving their life. Capping credit card interest rates would amount to a giant step backward.

My second major problem with credit card interest rates deals with the importance of the disclosure provisions of H.R. 515. You don't have to be an economic genius to figure out the effect that this disclosure will have on interest rates.

If you go out to buy a car and see a sign that says that a particular car costs \$14,000 and then see a sign across the street that the same car costs \$13,000, which one are you going to buy.

If you say that you would buy the more expensive car, I have a nice second car with low miles that I'd like to show you.

But let's not stop there. Let's carry the scenario one step further. If you are the owner of the car dealership that offers the car for the higher price, what are you going to do to compete? It seems pretty obvious to me that you are going to lower your price and let every body know about it.

My hypothetical of car sales is no different than the credit card market after enactment of credit card disclosure. The consumer is going to see who has the better terms and make a decision about which card best suits his needs. By the same token, if the institution with the higher rates expects to survive in the marketplace, he is going to have to become more competitive.

Competition is the basic foundation upon which a free economy is based. That is what this bill is all about. The amendment to cap credit card interest rates chips away at the very foundation of principles.

Mr. Chairman, H.R. 515 is excellent consumer legislation that will enhance America's credit system. But if here today, we cap interest we will close the lid on credit for those Americans who need credit the most. Furthermore, we will be setting a bad economic example for generations to come.

I urge defeat to the amendment.

Mr. SCHUMER. Mr. Chairman, I yield 1½ minutes to the gentleman from Maryland [Mr. CARDIN].

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Chairman, I thank my colleague for yielding me this time and I rise in opposition to the Annunzio amendment.

I also want to compliment the committee for bringing to the floor a bill that I think really will help in regards to credit cards and credit card costs.

The reason why I oppose the amendment is one word: competition. If we are going to help the consumer, then we have to encourage competition.

The bill that is before us encourages competition. It makes the necessary disclosures so that the consumer can make the choice. The amendment that is before us would restrict competition, would put a limit on one aspect of why a consumer would choose a particular credit card. It may be because of interest rates, it may be because of credit limit, it may be because of where the card is accepted or what credit requirements are necessary in order to obtain the card, or the grace period or the fee. All of those issues go into the consumer's mind as to whether he or she will accept a particular credit card.

By putting an arbitrary limit on one aspect we are restricting competition and hurting the consumer. We tried that in Maryland. It did not work. We hurt our consumers and we had to change our laws.

I urge my colleagues, if we are concerned with the consumer, if we are concerned about competition, let us pass the bill without the amendment. We have two choices. One choice is that we can pass the bill as is and enact a bill that is going to help the consumer. The other choice is to put this amendment on, load it up with an amendment that is not going to help the consumer in a bill that will never be enacted, and then we will not be doing anything for the consumer.

I urge my colleagues to defeat the Annunzio amendment.

Mr. Hiler. Mr. chairman, I yield 3 minutes to the gentleman from Georgia [Mr. SWINDALL].

Mr. SWINDALL. Mr. Chairman, I rise in support of the bill and in opposition to this amendment.



The amendment is fundamentally flawed for one basic reason. It assumes the stupidity of the American public. It assumes that once the American public has disclosed in a full, a uniform fashion how much they are paying for the credit extended to them as well as the services extended to them by virtue of a credit card that they will not have the common sense to make the right decision.

The other basic flaw that this amendment has that I would like to mention very quickly is first it is being pushed on the basis of trying to help individuals. In reality, this type of help, as other previous speakers have stated, would only cut off the very people who otherwise would be able to avail themselves of credit cards. The reason for that is there is limited credit in this country. We certainly understand that in the wake of the Wall Street Black Monday of 2 weeks ago.

What has happened is America has a very low net income that it is placing into private savings. Japan has about an 18-percent rate, we have less than a 3-percent rate. That means basically we have to dole out the credit.

When we put these types of restrictions in an otherwise competitive market we will see that those who would otherwise be able to get the credit; that is, those people that are on the margin, will lose their credit card privileges.

It also assumes that all credit cards are used exclusively for credit. In reality, they are used for a lot of other purposes, including having the bank or credit card company do your accounting for you, keep your records in order. By using a credit card, many of us know that even if we could afford to pay cash, by using a credit card we have a written receipt and we have the ability to recall those documents because someone else has done the work. We have to pay for that work.

But probably the most important point is that there is already vast competition in this area. It might make sense to put these types of price controls on if we were talking about some type of industry where there is no competition. How many of us every single day see more and more solicitations for credit cards? With full and uniform disclosure, people can make intelligent decisions.

Finally, banks are not generating excessive profit. According to the Federal Reserve bulletin of 1987, net earnings of bank credit plans before taxes average 1.9 percent of balances outstanding from 1972 through 1985. This is significantly lower than the average net returns on major types of commercial bank loans for the same period, 2.3 percent on real estate mortgages, 2.4 percent on commercial and other loans.

Let us do the American public a favor. Let us not assume that they are stupid.

Mr. ANNUNZIO. Mr. Chairman, I yield 5 minutes to the gentleman from Nevada [Mr. BILBRAY].

Mr. BILBRAY. Mr. Chairman, I rise in support of the amendment of the distinguished chairman of the Subcommittee on Consumer Affairs and Coinage. I commend the gentleman's leadership on behalf of American consumers.

I also wish to commend my colleagues who serve on the House Committee on Banking, Finance and Urban Affairs for their consideration of credit card interest rates. As a cosponsor of H.R. 515, I join in their desire to fully notify consumers of the rates and charges associated with the acceptance of open-end charge cards. But I must take issue with the notion that predicts credit card interest rates almost certainly will come down based upon disclosure alone. Sadly, that contention runs squarely against the facts.

Five years ago, the prime rate topped 20 percent. The rate of securities in the Treasury 3-year constant maturity series exceeded 16 percent, while the discount rate topped 14 percent. At that time, credit card interest rates averaged 17.8 percent.

Today Mr. Chairman, almost all interest rates have dropped to less than half of the levels seen in 1982. Yet credit card interest rates have actually increased to a level by some estimates to an average of nearly 19 percent.

And it is the middle class—the hard working men and women of our Nation—that pays this bill. Testimony before the subcommittee chaired by the distinguished gentleman from Illinois indicates that consumers owe approximately \$85 billion on credit cards, a level 150 percent greater than just 4 years ago. Estimates for this year show that for the current year, consumers will pay about \$15 billion in credit card interest rates and fees, or \$1.25 billion monthly. Moreover, by any standard one wishes to employ, the overwhelming portion of these payments are made by the middle class.

In light of recent economic developments, we must conclude that any money that can be saved by middle-class taxpayers rather than spent in interest payments will be of critical importance in securing a pool of investment capital for further economic expansion.

In a recent NBC poll, nearly 75 percent of the American people surveyed favor a rate cap on credit card interest rates. The distinguished gentleman from Illinois provides an amendment which clearly gives the beleaguered middle-class relief from oppressive interest rates and finance charges on credit cards. Indeed, this amendment is endorsed by the American Association of Retired Persons, the Consumer Federation of America, Consumers Union, and others. His amendment would provide for a floating cap, varying upward or downward in accordance

to market pressures. Since such a cap retains sensitivity to the market, credit markets remain accessible. Moneys not spent on interest payments may be free for other expenditures, including investment savings. Under the provision in question, credit markets are not "dried up."

Mr. Chairman, I again commend the distinguished gentleman from Illinois for his leadership and commitment on this issue so critical to consumers. I join the millions of middle-class Americans who thank him for assistance and desire to help make ends meet.

I urge my colleagues today to vote in favor of the Annunzio amendment.

□ 1540

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

Mr. BILBRAY. I yield to the chairman of the subcommittee, the gentleman from Illinois [Mr. ANNUNZIO].

Mr. ANNUNZIO. I thank the gentleman for yielding.

Mr. Chairman, let me ask the gentleman in the well: Is it true that as a major promise in his campaign he said he would work for a credit card cap? And would he have won in the State of Nevada without this promise?

Mr. BILBRAY. Well, I think I would have won anyway, but I think it was certainly a major issue. People called me over and over again and said, "Finally somebody is bringing up an issue that means a lot for the people. You are doing something for us." I thank the gentleman.

Mr. SCHUMER. Mr. Chairman, I yield such time as he may consume to the gentleman from Mississippi [Mr. ESPY].

(Mr. ESPY asked and was given permission to revise and extend his remarks.)

Mr. ESPY. Mr. Chairman, I rise in opposition to the Annunzio amendment.

Mr. Chairman, I rise in opposition to the amendment offered by my colleague from Illinois, and I do it with these qualifying points. It was my first impulse to support this well-intentioned amendment with the interests of consumers in mind. But after considerable thought and discussion, I now believe that the provisions of H.R. 515, the Credit Card Savings Act, will engender more competition with the comparison of interest rates, annual fees and interest-free grace periods. I believe that consumers will be able to shop for their best credit cards service, and because of this, credit card interest rates will come down.

With more than 15,000 credit card issuers in America, the competition for new users will be tremendous, and the benefits for consumers will be twofold. First, they will benefit from more complete information on which they decide their selection of credit cards, and as credit card issuers attempt to secure a portion of the user market, the credit card holders will have lower interest rates. Second, the cost of retaining and using a credit card will be lower, providing these consumers with a little more discretionary money.



I am afraid that limiting the credit card interest rate will have too many unwanted side effects. Surely, less credit would be available in many cases, no credit would be available to marginal and young wage earners.

Mr. Chairman, I also believe that retail sales would go down. Obviously, at some point the bill must be paid, but if this short-term loan tool is restricted to the most creditworthy consumers, then a significant segment of our consuming population would be omitted. Without their purchasing power and the convenience of credit cards, retail sales would suffer.

More basic, Mr. Chairman, I do not feel that governmental intervention in restricting credit card interest rates would be an appropriate policy direction. I believe that the provisions contained in H.R. 515 will allow the market for credit cards to correct itself by more fully disclosing information on these financing products. Mr. Chairman, I urge my colleagues to join me in opposing the amendment before us.

Mr. SCHUMER. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. LEVIN of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment of Mr. ANNUNZIO. I do not want to refer to all the materials we have been receiving from economists and others but if I might I would like to refer to what seems to me to be the basic concepts here.

If the free market cannot work or is not working, Government should intervene or at least consider it seriously. Where the free market is working or can work, especially with full disclosure, we should be wary of a solution by Government decree.

In a word it seems to me it sells Americans short to say that we cannot differentiate between a 13- or 18-percent interest rate.

I think we can leave that decision up to Americans. I do not believe that we need an interest rate set for the country here in Washington.

Mr. HILER. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. BATEMAN].

Mr. BATEMAN. I thank the gentleman for yielding.

Mr. Chairman, almost 20 years ago as a freshman member of the senate of Virginia, I introduced legislation which for the first time removed the ceiling on interest rates on first mortgage secured loans.

Predictions were that this would have dire consequences, that the people who were required to borrow money would be gouged by the cold-eyed banker.

This did not prove to be the case with first mortgage secured loans. It was since duplicated by removing artificial restrictions on other types of borrowing.

What we found through our experience in recent years in all of the States throughout America who have removed ceilings is that we have done

something to enhance the position of the consumer in the marketplace.

When we, or any legislative body, mandate a ceiling, it has the tendency in a competitive market to drive the rate to whatever the permissible ceiling is.

Given the amount of advertising and competition that indisputably takes place among banks in their credit card operations, what need is there of this Congress to be mandating the rate of interest that someone can charge to a consumer willing to pay it? We are not helping consumers; in my opinion, we would tend to drive rates up to a mandated ceiling because then no one would any longer have the same incentive for competition.

I might further point out that none of us in this Chamber should want a bank denied of the opportunity to be profitable. A non-profitable depository institution can wreak havoc on any community in which that institution fails.

If the banks are denied an opportunity to make a profit on the consumer transaction, the credit card transaction, they would surely be seeking that profit in rates on other loans, producing a disadvantage for all.

Mr. ANNUNZIO. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. SAVAGE].

Mr. SAVAGE. Mr. Chairman, I am a bit puzzled at what I am hearing here, unless more of my colleagues than I realize represent very wealthy districts with big bankers living on either side of them. And if the people, representatives from such districts want to let the interest rates go higher and higher so that the big bankers can make more and greater profits, I can understand that. But if there are other Members here who like myself come from middle-class, hard-working, homeowner districts where you have schoolteachers and truckdrivers and, in my case, steelworkers, blue collar workers, postal workers, Government employees who earn less than \$40,000 or \$50,000 a year and who are struggling sometimes even both husband and wife having to go out to work in order to meet the needs of their family where 1 or 2 points higher in interest rates will make quite a dent in how their children might live or whether they may attend the college of their choice, I do not know how they can come here and vote for leaving these interest rates so high and go back home on the weekend and face their constituents.

How would they explain to the ordinary family? I just heard someone stand up here and say that if we go along with the Annunzio amendment that the effect would be that we would drive the interest rates up to that ceiling.

Well, let me just get a little figure straight here as I learned math.

According to the Annunzio amendment, which allows some 9 percent above the Treasury notes during the

first year, which would mean at present something like 15 percent, well, my God, if the present average interest rate on credit cards is 18 percent right now, how in the world will a ceiling of 15 drive those rates up? Fifteen is lower than eighteen.

It will bring the rates down. There is some strange thinking, to me.

How can we stand up here and put profits above people and want to protect big bankers charging ordinary working people in this country an amount almost double the amount of the prime rate that the wealthy people, that so many of us are here to protect, already pay? The wealthy people get prime rates when they go to the bank.

Why do we not stand up here and speak and try to defend the ordinary worker who, when he goes to a bank, cannot get 9, 10, 11, 12 percent? Do you not know that credit cards are no longer a luxury? It is almost compulsory to have a credit card in most instances.

You go to a hotel now, they do not want cash. You go there and you want to rent a room and reach in your pocket for cash; they want plastic.

If you want to pay cash they will probably take the bar out of your room, probably will not answer your calls on room service calls.

They are outcasts.

People almost have to have credit cards.

Yet they are going to turn around and tell me that they do not deserve some protection against such usurious rates. If it is so good to have an 18-percent interest rate on credit cards then we ought to order the banks to raise their prime rate, then everybody will pay 18 percent, if you will. That makes no sense at all.

If a bank can make a profit charging wealthy people 9, 10, or 11 percent, why can they not make a profit charging ordinary people as high as 15 percent, which is what the Annunzio bill permits?

I will tell you, I am proud and I want to thank the gentleman who I consider to be one of the most courageous and concerned colleagues, FRANK ANNUNZIO, for having the guts to stand up against all those pressure calls coming from all over, from everywhere, big bankers, trying to intimidate Members of this body. Let us stand up here for the ordinary people of America.

Mr. SCHUMER. Mr. Chairman, I yield 1½ minutes to the gentleman from Arkansas [Mr. ROBINSON].

(Mr. ROBINSON asked and was given permission to revise and extend his remarks.)

Mr. ROBINSON. Mr. Chairman, I have been to Hollywood, a couple of county fairs and one goat-roping, and I have never heard such hogwash arguments in all of my life on this House floor today.



I am a cosponsor of this bill and I am for it. However, I rise in strong opposition to the Annunzio amendment for two reasons. First, if you pass this amendment today you are going to send the most godawful shock wave to Wall Street that we have witnessed in recent weeks. Our banking community and our retail merchants are going to be in a complete state of disarray.

You are going to see their stocks nosedive.

Second, these credit card companies will simply restrict credit. Then consumers will not go out and purchase things. Then you are going to have a recession.

And finally, having a credit card is not a constitutional right, it is a privilege.

May I repeat, it is not a constitutional right to own a credit card, it is a privilege.

My constituents sent me here to act responsibly. One of my colleagues said, "I ran on a platform that I want to cap interest rates." Do not do what is politically expedient today, do what is responsible.

Mr. HILER. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. WYLIE], the ranking member of the Committee on Banking, Finance and Urban Affairs.

Mr. WYLIE. Mr. Chairman, I am sincere in commending the gentleman from Illinois for his leadership in bringing this issue before us today and providing this forum for debate.

I think the debate has been most illuminating.

The point has been made that price-fixing and credit allocation have never worked in our society. Put a cap on interest rates and that will be the rate.

I believe there is one other major point that needs reemphasis that can sum up the arguments against the amendment and help Members decide how to vote on this issue.

#### □ 1555

A credit card interest rate ceiling will restrict the amount of credit available to less affluent consumers who have fewer alternative credit sources available in the first place. Period. A restrictive rate ceiling for consumer credit has resulted in the past, and will result in the future, in tighter lending standards by creditors. If I may, I will quote the Federal Reserve again: "... creditors are likely to apply more accommodative credit standards when the price of credit is determined by market forces, and to use stiffer loan criteria when regulations hold rates below market-determined level..."

I made the point earlier that credit card interest rates are coming down and many cards are available at less than the 15.5-percent cap that would be the rate under this amendment.

Obviously, mandated disclosure of key credit card terms permits the marketplace to work by allowing consumers to select the best card plan for

them. Let us give the consumer the best of both worlds—adequate and easy-to-read disclosures and a free marketplace that will give creditors flexibility in offering credit to a broad range of applicants.

Mr. Chairman, I urge a no vote on the Annunzio amendment.

Mr. ANNUNZIO. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. HAYES].

(Mr. HAYES of Illinois asked and was given permission to revise and extend his remarks.)

Mr. HAYES of Illinois. Mr. Chairman, the easiest thing in the world to do would probably be to sit out this debate. But as a matter of my own conscience and my concern for consumers in this country, it just would not permit me to sit idly by when I have to listen to and hear some of the arguments that are being advanced against the amendment. It has overtones and sounds much like the argument advanced by those who oppose sanctions in South Africa by saying that those of us who are for it are out to make it difficult for those people who are now working because they will lose jobs.

I cannot help but feel that the Annunzio amendment is one that will offer some protection for the people who need protection from some of the big financial interests.

I talked to a lady who is on a fixed income and who applied for a credit card and agreed to pay 15 percent interest. That is too much, but she agreed to pay it. They would not give her a credit card for that amount of interest, but they issued her one for 22 percent, which automatically restricted her buying, her right to purchase, because she could not afford to do it.

I would just like to suggest that we should support the Annunzio amendment. It is not a cure-all, not by any stretch of the imagination, but it does give some protection to those people who are now at the low end of the economic totem pole. We have that number now rising because of the lack of employment, because of being underemployed and forced to take jobs at less money than what they used to get because the jobs that now exist are mostly in the service industries and they get less money than they used to get.

Mr. Chairman, support for this amendment shows that we have some support for those people in that category. I wholeheartedly support this amendment, and I urge my colleagues to vote in favor of it.

Mr. SCHUMER. Mr. Chairman, I yield 2½ minutes to the gentleman from Maryland [Mr. McMILLEN], a member of the committee.

(Mr. McMILLEN of Maryland asked and was given permission to revise and extend his remarks.)

Mr. McMILLEN of Maryland. Mr. Chairman, I rise in reluctant opposition to the Annunzio amendment: Not because I have any doubt or remorse

in speaking against a credit card cap, but because I have come to develop a great respect for the gentlemen from Illinois and his work as a colleague of mine on the Banking Committee.

In figures provided by a major department store it was revealed that almost one-half their credit cards went to customers with incomes below \$18,000. This same store opened 24 percent of its new credit card accounts last year for customers with an annual income below \$14,000. This gives these customers an opportunity to establish credit for the first time. If the interest cap passes, many of these families will be denied this chance. The fact that only one in eight low-income families has a bank card is a powerful argument against the Annunzio amendment. If the cap passes, banks will not offer cards to these families; they obviously hesitate to do so already. What will happen is that retailers who offer credit as a customer service, not a profitmaker, will withdraw their offerings.

Hechts, a Washington area retailer, lost \$5 million in its credit operations last year. They charge 21.6 annual interest. Their average monthly balance was only \$234, indicating prudent credit policies. Many of their credit cardholders do not qualify for bank credit card. If a rate cap is instituted, these low-income Americans will not even be able to get a Hechts' credit card as Hechts would be forced to restrict credit availability, eliminate free grace periods, raise prices to pass on the higher costs, and possibly only accept bank credits, totally removing low-income families from the credit market.

I am afraid that if the Annunzio amendment becomes law, there will be a lot less than one in eight families having a bank credit card and far fewer having retail credit cards.

Mr. Chairman, I know that many have made huge profits from high credit card rates. That is why I support full disclosure. Let consumers shop around, credit cards offering interest rates below the cap can be found. They will let banks know if their rates are too high by taking their business elsewhere.

I wish I could support the Annunzio amendment, Mr. Chairman, as I hold the gentleman from Illinois in such high regard. But I cannot ignore the ill effects that a credit card cap will have on the poor, the elderly and those just establishing credit if it is passed for these reasons, I urge its defeat.

Mr. SAVAGE. Mr. Chairman, will the gentleman yield for a question?

Mr. McMILLEN of Maryland. I yield to the gentleman from Illinois.

Mr. SAVAGE. Mr. Chairman, the gentleman referred to cards being sent out by these retail stores. Does the gentleman know what the interest rate is on those cards?



Mr. McMILLEN of Maryland. Mr. Chairman, with Hecht's a major Washington retailer, they were charging 21.6 percent in annual interest, but they lost \$5 million last year. This was more of a marketing tool in customer service.

Mr. SAVAGE. Mr. Chairman, if the gentleman will yield further, the gentleman said it is 21 percent now. A couple of speakers before said—and I wondered if this is not really the long and short of it—that it was 18 percent. Now the gentleman is talking about 21 percent on cards, saying that American credit card operators must receive 18 to 21 percent interest unless this country will go into a recession. Does that not show a lack of confidence in the vitality of the American economy?

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

Mr. McMILLEN of Maryland. I yield to the gentleman from New York.

Mr. SCHUMER. Mr. Chairman, there are many credit card issues, even in the gentleman's own area, at much lower percentages, and what we are seeing in this legislation is, if we do some disclosure, we are going to get the people to be able to see what people are charging, and the rates will come down.

Mr. SAVAGE. Mr. Chairman, will the gentleman yield so I can respond to that?

Mr. McMILLEN of Maryland. I yield to the gentleman from Illinois.

Mr. SAVAGE. If there is that great a variance, how can the gentleman justify it? If some credit card operators can operate properly below 15 percent, here comes some at 21 percent, so what would be wrong with a cap at 15 percent?

Mr. McMILLEN of Maryland. Mr. Chairman, let me just close by saying that in Maryland where a credit card cap was instituted, our credit card operations were moved to Delaware. I think if this happens, if the Annunzio amendment passes, the same thing could happen where operations are moved offshore. Foreign banks could offer credit card operations in this country, and the point becomes moot.

Mr. SCHUMER. Mr. Chairman, I yield 1½ minutes to the gentleman from Delaware [Mr. CARPER], a member of the committee.

(Mr. CARPER asked and was given permission to revise and extend his remarks.)

Mr. CARPER. Mr. Chairman, the bill before us without this amendment is a good bill. Whether you are rich, whether you are of a moderate income or poor, this is a good bill.

What this bill says is that you will have the right to know what the effective interest rate is going to be on your credit card, you will have the right to know when you will start paying that interest rate, and finally, you will have the right to know what if any annual fee is attached to that credit card.

The gentleman from Illinois [Mr. ANNUNZIO] is trying to make a point

here, and it is a point that should not be lost on us or on the banks, but I think it is premature to try to make that point. We can do a lot of good things with this legislation in a free enterprise competitive system. Let us allow that competition to work.

If we are interested in trying to make sure that young people just entering the work force have an opportunity to get a credit card and have some credit, we should vote for this bill without this amendment. If we want to make sure that poor people, low-income people, are not closed out from access to credit, we should vote for this bill without this amendment.

Mr. ANNUNZIO. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. WEISS].

Mr. WEISS. Mr. Chairman, I very much appreciate my distinguished friend, the gentleman from Illinois, yielding this time to me.

I really have very little to add to the debate that has been carried on so effectively on both sides of this issue. I simply want to remind Members as to where we were when these interest rates first went up. Interest rates generally across the country were extremely high, so there was in fact a perfect understanding as to why the credit card companies themselves had to charge very high interest rates. Then when the interest rates came down, the credit card interest rates did not come down. It seems to me that they are never going to come down unless the Congress in fact puts a cap on it.

What kind of a cap is it? It is 8 percent above prime. It does not seem to me that is really impinging very much on the capacity of the credit card companies to make money. At the very least, they are not going to lose any money, and my own sense is that we ought to seek the best way we can of protecting the average citizen of this country.

Mr. Chairman, I would hope that the Annunzio amendment will be agreed to.

Mr. ANNUNZIO. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS. Mr. Chairman, I have been in my office looking at the monitor of the debate that is going on here, and I heard a couple of things that bothered me. One is that I heard a Member say something to the effect that people ought to be able to control their spending and have a greater discipline in the use of credit cards.

I could not help but think that it is not a matter of discipline. In many instances it is a matter of need, it is a matter of want. When one wants, there is no bounds. For the poor and the needy, what they really need also has no bounds, and it just makes good sense for us to pass the Annunzio amendment, because it should not be necessary for anybody, any banker or anybody else, to charge the kind of in-

terest rates they are charging on credit cards. It is legalized usury, if you will, in order to have these kinds of rates that we see—18 percent for spending.

Much of the credit card spending is for things that are vital to one's standard of living, for refrigerators, for televisions, and things we just have to have in order to exist in our society. There may be some people who spend their money on rings by credit cards or take wonderful trips abroad, but the vast majority of the people who use credit cards use them for food, use them for durable goods that they have to have in order to live, and it seems to me we should not put the additional burden on them of having to pay these exorbitant rates, like 18 percent interest on credit cards compounded by the month and often by the day.

I have looked at my bills many times, and I see that it shows on there that one of the big retailers compound the interest rate per day. That means the interest rate is far more than 18 percent, as stated on the bill that a person gets.

Mr. Chairman, I say that we need to vote for the Annunzio amendment. It is a good amendment, and I hope all my colleagues will agree with me.

Mr. HILER. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. CRANE].

(Mr. CRANE asked and was given permission to revise and extend his remarks.)

Mr. CRANE. Mr. Chairman, I rise reluctantly in opposition to the amendment, which I deem to be well intentioned but, I think, mistaken.

Mr. Chairman, I understand that there will be an effort to offer an amendment to H.R. 515, the Credit Card Savings Act, which seeks to establish a floating credit card interest rate ceiling. It would cap credit card interest rates at 8 percentage points above the yield on 1-year Treasury securities. While this amendment will be offered with the best of intentions, I must nevertheless speak out in opposition to it for the following reasons: It is based on two false premises. It will have a negative economic impact on many firms and it will reduce the supply of credit available to consumers. It is also another disturbing attempt to interject the Federal Government into the marketplace.

Supporters of price controls on credit cards argue that financial institutions earn excessive profits on their credit card programs. But these well meaning individuals fail to recognize that banks have not been earning exorbitant profits on their credit cards. From 1972 through 1985 the annual net earnings of bank card plans before taxes averaged 1.9 percent of balances outstanding. Over the same period, average returns on other major types of commercial lending were significantly higher: 2.3 percent on real estate mortgages, 2.4 percent on consumer installment debt, and 2.8 percent on commercial and other loans. Of course there have been substantial variations in the profitability of bank cards, and in the last few years profits have increased to 4 percent. But in the future, as in-



terest rates rise, bank card profits will surely decrease once again. It would be unwise for this body to pass an amendment which is based on a misunderstanding of the health of the bankcard industry and basic economics.

Supporters of this amendment also make the mistake of believing that the credit card industry is not competitive. Nothing could be further from the truth. In fact, the consumer credit market is among the most competitive in the Nation. No single bank or financial institution dominates the marketplace. Of the 3,000 bankcard issuers in the United States, the biggest has only 4.3 percent market share. The top 10 issuers combined have a share of only 19 percent of the market. There is no need to regulate a competitive market with a price control.

Credit card programs, moreover, are costly for retail firms to administer, in addition to the cost of funds and operating expenses, there are expenses associated with owning a credit card portfolio—fraud and counterfeiting, extension of free use of credit, bad debt, delinquent payments, and bankruptcy. These programs are so costly to administer that according to a study conducted on behalf of the National Retail Merchants Association in 1985, retail credit card plans consistently operate at a loss when profits on associated merchandise sales are not included. Should retail firms be subjected to a cap on credit rates, they will respond by adding annual fees for their credit cards and increasing the prices of many of their goods. They will also restrict credit to their least credit worthy customers. These measures will act as a disincentive for customers to purchase goods and many firms such as Macy's and J.C. Penney will experience a decline in sales.

Economists are notorious for their inability to predict economic events. Hardly anyone, for instance, predicted the recent stockmarket crash. But we must give economists their due and recognize that they have consistently been able to predict the consequences of price controls. Whether rents in New York City are controlled or gasoline is artificially kept below market prices, price controls have the unfortunate effect of reducing the supply of any commodity or service. Hence, any college freshman, who has completed his first course in economics, should be able to predict the consequences of this amendment. Banks, S&L's, and retailers will respond to this amendment by tightening credit standards.

Changes in the availability of credit would have the greatest impact on marginal credit applicants, those who meet the current minimum credit requirements. Lower income persons—including recent entrants into the job market and those with low levels of education and skills—would no longer qualify for most credit cards. These groups are usually the most in need of short term credit since they are often unable to qualify for traditional bank loans. It would be highly unfair to artificially restrict credit to these groups and thus subject them to needless economic hardship.

In conclusion, this amendment would serve no other purpose than increasing the influence of the Federal Government over our economy. It is folly to believe that bureaucrats huddled in their Washington offices have any insight into how our economy should be managed. A large, dynamic economy is simply too intricate for any one group to manage. Our economy is in better hands with the citizens,

where buyers and sellers are free to determine the price and supply of goods and services. I urge my colleagues to defeat this amendment and thus allow the free market to continue to work.

Mr. HILER. Mr. Chairman, I yield 1 minute to the gentlewoman from Illinois [Mrs. MARTIN].

Mrs. MARTIN of Illinois. Mr. Chairman, since everyone seems to be so interested in what Illinois is doing in this particular area, I called the State to find out the status of the bill that we are supposedly following today. Now, it is difficult to go against an Illinoisan in one respect as much as I do the chairman of this subcommittee, but the fact is that an amendment such as his was introduced as a bill in a Democratic Senate and changed to become the bill without the amendment that we are looking at today. It was further amendatorily vetoed by the Governor, and that veto was accepted by the Democratic House and the Democratic Senate.

So may I suggest that if we wish to follow Illinois, which seems to be the general view, we do follow the Illinois law and pass the very stringent, open disclosure bill the committee has brought to us and regrettably turn aside the amendment offered by the gentleman from Illinois [Mr. ANNUNZIO].

□ 1610

Mr. HILER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BARTLETT].

(Mr. BARTLETT asked and was given permission to revise and extend his remarks.)

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in opposition to the amendment. I will say that I think it is a very well-intentioned amendment, and the gentleman from Illinois [Mr. ANNUNZIO], the author of the amendment, is a good legislator; and he is quite skilled.

Whether this is well-intentioned or not, that all usury ceilings and ceiling caps are well-intentioned, but they always deny credit to people who need the credit the most; and that would be the effect of this otherwise well-intentioned amendment.

The concept of a usury ceiling or a cap on credit is not new. It has been tried with failure, with no success at all in State after State across this Nation.

Just on the floor this afternoon we have heard from Connecticut, Maryland, Virginia, and other States who have told the Members that when they had usury ceilings, in fact credit to individual consumers was denied.

The State of Texas just 2 years ago did the same thing, adopted a cap on credit cards; and the result was that all credit card operations left the State. The same thing would happen if we were to do this on a national basis with the same result, they would

leave, go to Toronto, Tokyo, or elsewhere.

If we were to somehow try to prohibit that offshore credit card, then the result would be worse, because then that credit would be given away from credit cards, and that lending would go to nonconsumer areas, and the consumers that the author of the amendment are trying to protect would be denied credit at all.

Disclosure handles whatever problems exist. The bill is well-constructed, very tough on disclosure.

It mandates disclosure; and therefore, consumers can choose, and that is what this Congress ought to be about. That is what we ought to be constructing in legislation and regulation, is to give the consumers the choice, so they can shop, understand what is being offered them, so they can have the choice of sources of credit.

Mr. SCHUMER. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. FRANK], a distinguished member of the committee.

Mr. FRANK. Mr. Chairman, I thank the gentleman for yielding me this time.

I oppose the amendment from the Chicago delegation. It is nice to see the Members so united, but I wish it would be for a better cause.

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

Mr. FRANK. I yield to the gentleman from Illinois.

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

No more united than New York.

Mr. FRANK. The gentleman from New York had people from New York speak on the other side.

I am sure the gentleman, being united, is not a bad thing. I was particularly impressed with the eloquence of the gentleman from Illinois [Mr. SAVAGE], who discussed the plight of the ordinary working person trapped in his hotel room and having to order room service.

He is going to have to sacrifice and walk down to the coffee shop.

Mr. Chairman, it makes no sense to single out one piece of interest rate business for a cap. Where is the cap on what cities have to pay when they borrow things? Cities are out in the market and have to borrow. People buy automobiles, and they have to borrow.

There is a whole range of things that people borrow for. When you cap one thing, you cause distortions elsewhere.

If you put a cap on one thing, you are putting distortions elsewhere, and why are consumer purchases on credit to be the favored item?

Are they more important than what cities borrow for public works, or are they more important than what corporations borrow for job-producing investment, or more important than people borrowing for automobiles?



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

Mr. FRANK. I yield to the gentleman from Illinois.

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

It is not just people in hotel rooms. I have some constituents who use credit cards to buy medicine.

Mr. FRANK. Mr. Chairman, reclaiming my time, if the gentleman thought I misinterpreted what the gentleman said, the gentleman's eloquent defense of the workingman trying to get room service in his hotel room, if I misstated the gentleman, I would apologize; but I do not think it is worth this kind of intervention into the market for that particular kind of an issue.

The CHAIRMAN. At this point the gentleman from Indiana [Mr. HILER] has 1½ minutes remaining, the gentleman from New York [Mr. SCHUMER] has 3 minutes remaining, and the gentleman from Illinois [Mr. ANNUNZIO] has 4 minutes remaining.

Mr. HILER. Mr. Chairman, I believe that the Members in opposition to this amendment have the right to close debate, is that not correct?

The CHAIRMAN. The gentleman is correct. Those in opposition do have the right to close debate.

Mr. ANNUNZIO. Mr. Chairman, I yield myself the remaining time.

The CHAIRMAN. The gentleman from Illinois is recognized for 4 minutes.

(Mr. ANNUNZIO asked and was given permission to revise and extend his remarks.)

Mr. ANNUNZIO. Mr. Chairman, for 2 years, we have watched and waited to see if credit card rates would decline. They have not. The time to act has come.

My amendment would cap credit card interest rates at 8 percentage points above the yield on 1-year Treasury securities. The cap would be adjusted quarterly, based on the rate in the second month of the preceding quarter.

This formula was carefully designed to assure that card issuers could profit, not profiteer. It is based on a market rate set by open bidding. Its 1-year term closely matches the duration of credit card receivables. It is adjusted quarterly to assure that it does not lag behind current market rates. Finally, it provides an 8 percent margin, the highest of any interest rate cap bill introduced in either House. Any banker who can't make money borrowing at 7 percent and lending at 15 percent, should get out of banking and into basket weaving.

Traditionally, States have set usury limits within their own borders. In 1978, however, the Supreme Court upset that traditional State right and allowed national banks to begin to export interest rates into other States. It wasn't long before banks began dangling promises of jobs before some State legislatures in exchange for raising or eliminating interest ceilings en-

tirely. Some States took the bait and undermined their sister State's ability to protect consumers from usurious lenders. Thus, only a Federal interest rate cap can be effective and restore the proper balance to the market.

You are sure to hear today how a credit card interest rate cap will hurt consumers. Those who say that turn the world on its head. We need only look at who supports my amendment.

The credit card interest rate cap is supported by Consumers Union, with a membership of 3.5 million.

The credit card interest rate cap is supported by Consumer Federation of America, the Nation's largest consumer advocacy organization with a membership of over 200 national, State and local consumer groups, representing 30 million individuals.

The credit card interest rate cap is supported by the American Association of Retired Persons, with a membership of more than 26 million senior citizens.

The credit card interest rate cap is supported by the U.S. Public Interest Research Group, which is the national association of State public interest research groups, with about 1 million members.

The credit card interest rate cap is supported by Public Citizen's Congress Watch, yet another prominent consumer oriented organization.

The credit card interest rate cap is supported by the Bankcard Holders of America, a national nonprofit consumer organization of credit card users.

What groups claim that a credit card interest rate cap will hurt consumers? Groups such as the American Bankers Association, the Consumer Bankers Association, the National Retail Merchants Association, Visa, and MasterCard.

Now who do you think really represents the interests of the American consumer?

Is it Consumers Union or the Consumer Bankers?

Is it the AARP or the ABA?

Is it Bankcard Holders or MasterCard?

Members should realize that this vote will count when it comes time for consumers to evaluate their consumer record. It will be hard indeed to explain how a vote against the position held by Consumers Union, Consumer Federation, Bankcard Holders, Congress Watch, and U.S. PIRG is a pro-consumer vote.

And there can be no argument that the consumer groups are out of step with consumers. An NBC News survey last year found that by the overwhelming majority of 74 to 20 percent, consumers agreed that Congress should pass legislation limiting the amount of interest credit card companies can charge.

Part of the disinformation campaign against credit card interest rate caps is the argument that creditors will be forced to tighten up their standards.

The implication is that the poor will not be able to get credit cards. It may come as news to some, but creditors don't issue cards to the poor. A Federal Reserve study of credit cards last year showed that fewer than one family in eight with an income under \$10,000 has a bank credit card. Less than 1 family in 13 in that group has a gasoline credit card.

The result of the loose standards used by some card issuers is a staggering increase in bad debt. Banks that have mailed out millions of preapproved credit card applications have reaped millions of dollars in bad debts losses. Citibank, the Nation's largest bank card issuer, has bad debt losses of \$1 million a day. Consumers who pay their bills are forced to cover these losses. It is no wonder that Citibank cardholders pay 19.8 percent interest.

Credit card consumers have been a convenient source of funds for all sorts of bankers' follies. Citibank took a \$2.6 billion loss in its second quarter earnings due to its bad foreign loans. Citibank credit card consumers pay 19.8 percent to help cushion that shock. Bank of America took a \$1.1 billion loss in its second quarter. Like Citibank customers, its credit card customers also pay 19.8 percent to pay for Bank of America's past foreign follies. Mr. and Mrs. America pay, while foreign debtors dance.

Bankers have served up more reasons for high rates than McDonalds has served hamburgers. First they claimed that their cost of funds had increased, but then declining interest rates knocked the props out from under that argument. Then they claimed interest losses were to blame, but tough credit card fraud legislation passed by Congress brought fraud rates down. Then they claimed credit card counterfeiting was out of control, but counterfeiting losses decreased by so much that VISA refunded \$5 million to its members from its counterfeited insurance fund, and Mastercard entirely eliminated its counterfeited assessment fee. Then we were told that administrative costs are so high. Nevertheless, banks continue to buy credit card portfolios and issue more cards.

The real reason for high credit card interest rates is simple enough. It is profits. Not ordinary profits, but high profits. Not just high profits, record high profits. And you don't need to take my word for it either.

In the spring, American Express unveiled its 13.5 percent Optima card. This card so threatened to upset the Banks' gravytrain that Charles Russell, the president of VISA, immediately notified all VISA card issuing banks and urged them to call the President of American Express and voice displeasure over his decision to enter "one of (the banks) most profitable lines of service." Mr. Russell knew what kind of threat a low-interest card posed. He pointed out to the VISA is-



suers that "the Optima card will have a far greater effect upon your bank's profits than will the Discover card." Mr. Russell did not need to tell his members that the Discover card carries a 19.8-percent interest rate.

Card issuers will not be put out of business by a rate cap. Business is brisk in States like Arkansas, with an 11-percent ceiling, and Connecticut, with a 15-percent ceiling. Indeed, there are a number of banks that offer cards at rates of 15 percent or less.

For the vast majority of Americans, however, low rates are only a dream. The top 10 bank card issuers, with almost 35 million credit cards outstanding, charge an average rate of over 19 percent. The market for credit cards is concentrated and noncompetitive.

A credit card cap will not lead to increased fees as some will charge. In fact, some of the highest fees are charged by card issuers with the highest rates.

The issue before us today is simple. The House must decide whether it wants to allow plastic loansharking to continue. Vote for my amendment and you vote for the consumer. Vote against the amendment and you vote against the consumer.

American consumers view this issue with crystal clarity. They know the issue is simple, and where the benefit to them lies. They reject the tortured reasoning which at the bottom line says high rates are good for consumers. As you prepare to vote on this amendment, keep in mind that consumer groups and consumers support the amendment.

Mr. Chairman, I urge the Members to vote for consumers and to vote in favor of my amendment.

**BANKCARD HOLDERS OF AMERICA,**  
Washington, DC, October 28, 1987.  
Representative FRANK ANNUNZIO,  
Chairman, House Subcommittee On Consumer Affairs and Coinage, Washington, DC.

DEAR CHAIRMAN ANNUNZIO: Notwithstanding our enthusiasm for disclosure amendments to the Truth-In-Lending Act, such as those contained in H.R. 515, we continue to believe that disclosure alone is likely to be insufficient to bring about lower credit card interest rates. The domination of the credit card marketplace by a handful of large issuers, all of whom charge high rates and fees, suggests that their market dominance, and therefore their price leadership, will be largely unaffected by the proposed disclosure requirements. The top twenty-five issuers account for more than fifty percent of the cards in circulation, and the rates on their cards average nearly nineteen percent.

Experience has shown that a variable cap on rates, such as the one you are proposing, allows sufficient flexibility for the banks to recover all their costs—plus a fair profit—even when rates and costs are rising. At the same time, such a cap gives consumers the assurance that during periods of declining rates they will benefit through lower borrowing costs.

Similarly, the assertion that a rate cap will restrict credit availability to the general public has also been contradicted by experience. Last year, Connecticut lowered its (fixed) rate ceiling from eighteen to fifteen

percent. Since then, not one of Connecticut cardholder has had his or her card revoked as a result of the new law. Moreover, there appears to be no shortage of credit in Connecticut. It continues to be available to those who meet reasonable and normal standards of creditworthiness, just as auto loans are available nationally to a broad cross-section of the public in spite of low, competitive rates and narrow profit margins.

Thank you for your leadership on this important issue.

Sincerely,

ELGIE HOLSTEIN,  
Director.

Mr. HILER. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia [Mr. PARRIS]. (Mr. PARRIS asked and was given permission to revise and extend his remarks.)

Mr. PARRIS. Mr. Chairman, I rise in support of the bill and in opposition to the amendment.

Mr. Chairman, I rise in opposition to the proposed amendment offered by Mr. ANNUNZIO.

I very much understand and sympathize with what the gentleman from Illinois is trying to do—capping interest rates on credit cards sounds good.

The problem is that you can't regulate the free market, or else you create problems that come back to haunt the Congress. Take last year's tax bill for example. We eliminated the tax deduction for interest on credit cards, and by default we created the proliferation of home equity loans. Now, in the reconciliation, we are trying to cap the amount one can deduct on home equity loans.

So what will happen if we try and cap interest rates on credit cards? Do you think we can do that, and nothing will change, we'll all go home and everything will be just fine? Dream on.

The cost of running a credit card business is expensive. Particularly for retailers—they do it more for public service than for profit. Most of you are familiar with the local department store, the Hecht Co. They told me that they lost \$5 million on their credit card operations last year, and if the cap went into effect, they would lose \$12 million.

Now unlike the Congress where \$12 million is a drop in the bucket, no good businessman will stand by and lose that amount of money, and not search for alternatives to cut one's losses.

What will those alternatives be, and how will they affect consumers? First, credit will be restricted. That means millions will be dropped as credit customers, and millions more won't be granted new credit. Credit cards have become the easiest, most affordable means of credit available to millions of Americans. There are over 500 million credit cards in circulation and 42 million families have credit cards. With this kind of ceiling we will cut off an important source of easy financing available to them. Particularly for lower income families. Nearly half of all families with income under \$15,000 use credit cards to purchase household goods and services. But many will likely be denied credit in a restricted credit environment created by a ceiling on interest rates. As an example, the State of Arkansas has a credit card interest rate ceiling. The Wall Street Journal recently reported that First National Bank of Pine Bluff, AR, was making a

profit, even with the ceiling, how you ask? Because it is selective about who it issues the cards to. That is typical of what banks and retailers will have to do in order to continue making profits, or in some cases, simply cut losses.

A second consequence of a rate cap will be the increase in annual fees, and the elimination of interest free grace periods. These are two very important factors of a credit card operation, that often go unnoticed by consumers, but they are an important part of cost savings to the consumer. Most retailers don't charge annual fees, but I am sure that if we put a ceiling on interest rates, every card will have an annual fee. The Discover card issued by Sears does not have an annual fee, but it carries an interest rate in the area of 18 or 19 percent, but the new American Express Card, Optima, marketed for exclusive customers, has a lower interest rate, but a high annual fee. Both work out to be much the same in cost. As you can see, if we do cap the interest rates, annual fees may then become the monster that we want to control—will we have a bill next year capping the annual fee amount, what about the year after next, when will we put a stop to all of this?

The effect of this is that we injure those persons that pay off their balances right away, which the Federal Reserve Board estimates to be about 43 percent of all credit card customers. The elimination of interest free grace periods, will also hurt those that are prompt payers—these interest free periods will disappear the day we impose a cap.

Finally, a cap on interest rates will actually be a friendly form of price fixing. Once we impose a cap, all banks and retailers will surely be charging the maximum interest rate. After all, what incentive will remain to have lower rates, most rates can't go lower than where this cap forces cards to be. What we will have will be reduced competition within the credit card industry. Many won't bother issuing cards anymore, because it won't be that profitable, and so the fewer that are left will essentially be charging the same rate. In 1980, my home State of Virginia lifted an 18-percent interest rate cap that it had on credit cards, and at the time, many feared that interest rates would skyrocket, well, the opposite occurred, and interest rates fell to the point where the average interest rate on credit cards in Virginia is between 14 and 15 percent. Competition flourished in this kind of environment.

In sum, by capping interest rates we will certainly see higher annual fees and elimination of grace-free periods. We will certainly witness a reduction of competition because there won't be any profit motive among the bank cards. Therefore, once we reduce the supply, but not the demand, the bank or retailer can be more selective, and millions will not be extended credit. I wonder if we really want this to happen. I don't think my colleague from Illinois wants to see restrictions on credit—but this is clearly a case where the Congress thinks its doing the right thing, but the effect is that we hurt everybody, and most of all those people that can least afford it.

I urge my colleagues to vote against the Annunzio amendment.

Mr. HILER. Mr. Chairman, I yield myself the balance of the time.



Mr. Chairman, a credit card issuer has several terms under which he can issue that credit card.

There is a grace period, an annual fee. There is a credit card interest rate, a merchant discount; and this can be a processing fee. Of course, there can be a restriction of credit.

If you limit the amount of interest that can be charged, one of these other areas will be affected.

Today credit card issuers compete based on those five or six factors, and consumers can pick the kind of credit card with the kind of terms that meets their particular needs.

If we put a cap on interest rates, there will be an increase in annual fees, or there will be an elimination of a grace period.

There will be an increase in the merchant discount. There might be a restriction of credit or an increase in processing fees, but there is no free lunch.

You cannot artificially restrict one of those five and not have the other four be affected, and that will impact negatively on consumers.

I urge the Members to vote against the Annunzio amendment.

Mr. SCHUMER. Mr. Chairman, I yield myself the remaining time.

Mr. Chairman, first let me extend my congratulations to the gentleman from Illinois [Mr. ANNUNZIO], the chairman of the subcommittee, for the outstandingly waged campaign, and for the gentleman's devotion to consumers, which no one doubts in this amendment.

I must rise reluctantly and very strongly in opposition to the amendment of the gentleman from Illinois.

I have spent 2 years trying to get the credit card markets to crack. The banks have not been terribly cooperative. They are indeed an oligopoly, and almost all of them, when we started this campaign, had rates at 19 and 20 percent.

At that point, disclosure would have done very little good; and it was worth trying a cap. Something has happened since then.

There are over 125 banks, most of them issuing cards nationwide, that now have rates at 10, 11, 12 percent.

American Express is issuing with all its muscle an Optima card at 13.8 percent, so finally consumers have a choice, but they do not know it.

They do not know it, because there is no disclosure; and I believe we desperately need a disclosure bill.

Then why oppose a cap amendment, I might be asked. If disclosure is good, is not a cap better? In an ideal world, the cap might work.

I do not fully agree with everything that has been said here. I am not unalterably opposed to caps, but I am a legislator, and I am proud to be a legislator, and a cap bill will not pass.

In fact, a cap bill, if this amendment passes on the floor of the House today, will mean we will get no consid-

eration in the other body, and a certain veto in the White House.

We may all feel good saving, let us have a cap and decrying interest rates. I have certainly done it, and I agree, but we must do something real, pass a bill that can be signed into law instead of just giving a speech.

This bill will become law if this amendment fails. The bill will not become law if the amendment passes, and all the work that we have done to get that market to crack, to bring those interest rates down, will go for naught.

I sympathize with the Members who decry the high interest rates. I want to bring them down every bit as much as they do, but the way to bring them down is not to kill this bill with an amendment that sounds good but would not pass.

The way to bring them down is pass H.R. 515, get those high interest rates published in all the magazines and everywhere, and let the market crack.

I urge the Members to oppose the amendment of the gentleman from Illinois [Mr. ANNUNZIO].

Mrs. MORELLA. Mr. Chairman, I rise in support of H.R. 515, and against the Annunzio amendment.

H.R. 515, approved unanimously by the Banking Committee, would require banks, retailers, and other issuers of credit cards to disclose information to potential card holders about interest rates, fees, and other terms of credit agreement. This disclosure law would help educate credit consumers, giving them important and necessary information before they make a decision.

Many times Congress is a "bully pulpit," pushing legislation in an effort to get the marketplace to respond, or to push States into action. In this case, some credit issuers have already taken heed and have lowered their rates below the Annunzio limit.

Also, attempts to legislative limits on interest that can be charged on credit cards is a superceding of States' rights. Maryland Bank Commissioner Margie Muller has told me that, as a regulator, she is adamantly opposed to this amendment, which is "an incursion on a State's historic right to determine interest rates for the consumer."

Commissioner Muller said,

This would distort what has been the States' prerogative: to set its own usury limits.

Disclosure, she added, would assist consumers, making them better shoppers of credit.

The amendment offered by Mr. ANNUNZIO is a price control, plain and simple. Price controls haven't worked in the past, and they won't work now. Capping interest rates could have an adverse impact on the economy. Smaller credit-issuing companies, faced with a limit on what they can charge, would either limit their credit customers, or get out of the credit market entirely. Either way, this shuts more consumers out of the marketplace, which would affect retail sales and economic growth.

In plain economic terms, if one cost decreases, another must increase. With lower interest rates, costs for existing credit holders would increase, as credit companies try to

maintain their profitability. Higher cardholder fees might be imposed to cover the costs on any cardholders who stayed in a credit program.

Mr. Chairman, an unamended H.R. 515 will make for better credit consumers. I urge its adoption.

□ 1625

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. ANNUNZIO].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANNUNZIO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 56, noes 356, answered "present" 2, not voting 19, as follows:

[Roll No. 381]

AYES—56

Annunzio	Edwards (CA)	Perkins
Applegate	Evans	Price (IL)
Bellenson	Florio	Rangel
Bennett	Gaydos	Rodino
Bilbray	Geldenson	Roe
Bonior	Gonzalez	Rostenkowski
Brennan	Guarini	Roybal
Bruce	Hayes (IL)	Russo
Collins	Hertel	Savage
Conte	Hughes	Scheuer
Conyers	Jones (TN)	Stark
Crockett	Jontz	Studds
de la Garza	Kildee	Trafficant
Dellums	Lipinski	Weiss
Donnelly	Marlenee	Wheat
Dorgan (ND)	Mfume	Whitten
Durbin	Miller (CA)	Yates
Early	Moakley	Young (FL)
Eckart	Pepper	

NOES—356

Ackerman	Cardin	Edwards (OK)
Akaka	Carper	Emerson
Alexander	Carr	English
Anderson	Chandler	Erdreich
Andrews	Chapman	Espy
Anthony	Chappell	Fascell
Archer	Cheney	Fawell
Armey	Clarke	Fazio
Aspin	Clay	Feighan
Atkins	Clinger	Fields
AuCoin	Coats	Fish
Badham	Coble	Flake
Baker	Coelho	Flippo
Ballenger	Coleman (MO)	Foglietta
Barnard	Coleman (TX)	Foley
Bartlett	Combest	Ford (MI)
Barton	Cooper	Ford (TN)
Bateman	Coughlin	Frank
Bates	Courter	Frenzel
Bentley	Coyne	Frost
Bereuter	Craig	Galleghy
Berman	Crane	Gallo
Bevill	Daniel	Garcia
Billirakis	Dannemeyer	Gekas
Billiey	Darden	Gibbons
Boehliert	Daub	Gilman
Boggs	Davis (IL)	Gingrich
Bonker	Davis (MI)	Glickman
Borski	DeFazio	Goodling
Bosco	DeLay	Gordon
Boucher	Derrick	Gradison
Boxer	DeWine	Grandy
Broomfield	Dickinson	Grant
Brown (CA)	Dicks	Green
Brown (CO)	Dingell	Gregg
Bryant	DioGuardi	Gunderson
Buechner	Dixon	Hall (OH)
Bunning	Dowdy	Hall (TX)
Burton	Downey	Hamilton
Bustamante	Freier	Hammerschmidt
Byron	Duncan	Hansen
Callahan	Dymally	Harris
Campbell	Dyson	Hastert



Hatcher	McCloskey	Schneider
Hawkins	McCollum	Schroeder
Hayes (LA)	McCurdy	Schuetz
Hefley	McDade	Schumer
Hefner	McEwen	Sensenbrenner
Henry	McGrath	Sharp
Herger	McHugh	Shaw
Hiler	McMillan (NC)	Shays
Hochbrueckner	McMillen (MD)	Shumway
Holloway	Meyers	Shuster
Hopkins	Mica	Sikorski
Horton	Michel	Skaggs
Boughton	Miller (OH)	Skeen
Howard	Miller (WA)	Skelton
Hoyer	Mineta	Slatery
Hubbard	Molinar	Slaughter (NY)
Huckaby	Mollohan	Slaughter (VA)
Hunter	Montgomery	Smith (FL)
Hutto	Moody	Smith (IA)
Hyde	Moorhead	Smith (NE)
Inhofe	Morella	Smith (NJ)
Ireland	Morrison (CT)	Smith (TX)
Jacobs	Morrison (WA)	Smith, Denny
Jeffords	Mrazek	(OR)
Jenkins	Murphy	Smith, Robert
Johnson (CT)	Murtha	(NH)
Johnson (SD)	Myers	Snowe
Jones (NC)	Nagle	Solarz
Kanjorski	Natcher	Spratt
Kaptur	Neal	St Germain
Kasich	Nelson	Staggers
Kastenmeier	Nichols	Stallings
Kennedy	Nielson	Stangeland
Kennelly	Nowak	Stenholm
Kleczka	Oberstar	Stokes
Kolbe	Obey	Stratton
Kolter	Olin	Stump
Konnyu	Ortiz	Sundquist
Kostmayer	Owens (NY)	Sweeney
Kyl	Owens (UT)	Swift
LaFalce	Oxley	Swindall
Lagomarsino	Packard	Synar
Lancaster	Parris	Tailon
Lantos	Pashayan	Tauke
Latta	Patterson	Tauzin
Leach (IA)	Pease	Taylor
Leath (TX)	Pelosi	Thomas (GA)
Lehman (CA)	Penny	Torres
Lehman (FL)	Petri	Torricelli
Leland	Pickett	Towns
Lent	Pickle	Traxler
Levin (MI)	Porter	Udall
Levine (CA)	Price (NC)	Upton
Lewis (CA)	Pursell	Valentine
Lewis (FL)	Quillen	Vander Jagt
Lewis (GA)	Rahall	Vento
Lightfoot	Ravenel	Visclosky
Livingston	Ray	Volkmer
Lloyd	Regula	Vucanovich
Lott	Rhodes	Walgren
Lowery (CA)	Richardson	Walker
Lowry (WA)	Rinaldo	Watkins
Lujan	Ritter	Waxman
Lukens, Thomas	Roberts	Weber
Lukens, Donald	Robinson	Weldon
Lungren	Roemer	Whittaker
Mack	Rogers	Williams
MacKay	Rose	Wilson
Madigan	Roth	Wise
Manton	Roukema	Wolf
Markey	Rowland (CT)	Wolpe
Martin (IL)	Rowland (GA)	Wortley
Martinez	Sabo	Wyden
Matsui	Saiki	Wyllie
Mavroules	Sawyer	Yatron
Mazzoli	Saxton	
McCandless	Schaefer	

## ANSWERED "PRESENT"—2

Martin (NY) Sisisky

## NOT VOTING—19

Biaggi	Gray (IL)	Smith, Robert
Boland	Gray (PA)	(OR)
Boulter	Kemp	Solomon
Brooks	Oakar	Spence
Dornan (CA)	Panetta	Thomas (CA)
Dwyer	Ridge	Young (AK)
Gephardt	Schulze	

□ 1635

Messrs. ATKINS, BOEHLERT, DICKINSON, BROWN of California, WAXMAN, HUTTO, and KASTENMEIER changed their votes from "aye" to "no."

Mr. MFUME changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

## AMENDMENT OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VENTO: Page 7, after line 5, insert the following new subsection:

"(d) DISCLOSURE OF CREDIT CARD ACCOUNT RENEWAL FEES.—

"DISCLOSURE REQUIRED.—In the case of any credit card account under an open end consumer credit plan, the creditor shall notify the cardholder, at least 30 days before the date on which an annual or other fee for the continued availability of credit in connection with such account will be charged against the account (or otherwise imposed), of the amount of such fee and the date on which such fee will be imposed.

Page 2, line 10, strike out "subsection" and insert in lieu thereof "subsections".

Page 7, line 5, strike out the closing quotation marks and the second period.

Mr. VENTO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

Mr. VENTO. Mr. Chairman, my amendment builds upon the purpose of this legislation—to provide consumers with adequate information and opportunity to make an educated decision in selecting a credit card.

While H.R. 515 addresses new credit card applications, my amendment will help the millions of Americans who already have annual fee credit cards. My amendment requires that credit card companies notify customers at least 30 days prior to the imposition of an annual fee. This notification could be a separate mailing or it could be included in the customer's monthly billing notice.

The purpose of this 30-day notice is to give consumers a timely reminder and to allow them, if they so desire, to compare rates and credit cards to make an educated choice on their credit card selection.

This 30-day notice is necessary. Most consumers are not aware of their annual renewal date until the annual fee is already charged and listed on their billing statement. By that time it is too late to shop around. My amendment, however, will make available to the millions of Americans who already have credit cards the needed benefits of H.R. 515.

I urge my colleagues to support the amendment.

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

Mr. VENTO. I yield to the gentleman from Indiana.

Mr. HILER. Mr. Chairman, is this the same amendment the gentleman spoke to me earlier about?

Mr. VENTO. It is the same amendment that I discussed with the gentleman previously.

Mr. HILER. Mr. Chairman, this side has reviewed the amendment and has no objection to it. We accept the amendment.

Mr. VENTO. I appreciate the gentleman's support.

Mr. St GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. VENTO. I yield to the gentleman from Rhode Island.

Mr. St GERMAIN. Mr. Chairman, this side has had an opportunity to look at the amendment. We are in favor of the amendment and we think the time has come to vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. VENTO].

The amendment was agreed to.

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

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

Mr. BEREUTER. Mr. Chairman, I rise today in support of H.R. 515, the Credit Card Disclosure Act of 1987, especially since the Annunzio amendment has been rejected.

Mr. Chairman, the bill as reported by the House Banking Committee is a pro-consumer piece of legislation because it will require greater disclosure by financial institutions and retail merchants of the rates and terms of the credit cards which they issue.

What H.R. 515 requires is simple and straightforward. Specifically, this bill requires that any written application or solicitation to open a credit card account disclose the following information in very clear and concise language: First, the annual percentage rate; second, any fees imposed for issuance or use of the card; and third, any grace period.

While the Truth in Lending Act currently requires the disclosure of this information upon the receipt of the card, this bill goes one step further by requiring the disclosure during, or prior to, the credit card application. Early disclosure will give consumers the opportunity to compare the terms and conditions of competing credit cards.

It is the intention of this bill that through earlier disclosure there will be greater competition among credit card issuers to provide better terms and lower interest rates. Early and more concise disclosure of credit card terms will inure to the benefit of consumers through lower interest rates and issuance fees.

## ANNUNZIO AMENDMENT

While the bill as reported is responsible pro-consumer legislation, the amendment to cap interest rates is not, despite the very good intentions of the author of that amendment. While the Annunzio amendment looks appealing, and I am absolutely sure that it is offered with the best of intentions, it would in reality increase the costs for all consumers who currently hold credit cards, and in many situations it would deny credit cards to certain groups of consumers altogether.

In general, ceilings on interest rates simply don't work, but I want to list just a few of the ways in which caps on credit card interest



rates would directly affect consumers and increase their costs.

First, interest rate caps reduce the ability of card issuers to meet their costs, and accordingly, force issuers to raise revenue from other sources. In general, other services offered by a financial institution either will not be offered, or offered only at a higher cost. Where issuers cannot meet their costs from other sources, many credit card issuers may simply cease their operations altogether.

Second, if a uniform interest rate cap is mandated, credit card issuers will tighten their credit standards to reduce their losses. Tighter credit standards will have a direct and adverse impact on those who can least afford it—lower and younger income families and individuals.

Third, interest rate caps will force card issuers to charge or increase annual fees, and to do away with other services associated with their credit cards.

Fourth, imposing interest rate caps, encourages card issuers to shorten or eliminate the grace periods on their cards. By shortening or eliminating the period of time within which a consumer is not charged a finance charge, additional interest which normally would not be incurred is passed on to the consumer.

Finally, mandating interest rate caps will also result in higher retail merchandise prices. If the interest rates of credit cards issued by retail merchants are capped, merchants will raise their prices to cover their costs and compensate for lost revenues.

Again, I urge my colleagues to support H.R. 515 as reported by the House Banking Committee, and to oppose the amendment to place a cap on credit card interest rates.

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

(Mr. KOLBE asked and was given permission to revise and extend his remarks.)

Mr. KOLBE. Mr. Chairman, I rise in support of H.R. 515.

Mr. Chairman, I am pleased that the House has moved to give credit card applicants the kind of information and protection they need and deserve. H.R. 515 provides information to consumers that will allow them to comparison shop and buy credit the same way they buy a car or a half-gallon of milk.

Comparison shopping is what this bill is all about. Financial institutions providing revolving credit lines to consumers must disclose, as part of the credit application the annual percentage rate that will be charged on purchases. When multiple rates apply, this too must be disclosed, in a manner that will be understandable to a credit shopper. Additionally, credit organizations must clearly inform credit shoppers what fees or annual charges are part of the agreement.

The final piece of information consumers need to know is how long they've got to pay their bill without owing any finance charge. I am pleased that this bill has received the broad support of the credit industry. As a member of the House Banking Committee in the 99th Congress I introduced a bill very similar to H.R. 515. I believe that knowledge is power. This legislation gives consumers power to shine a light on the legalese packed into a credit application and choose the credit card that best suits their needs.

I believe an even more powerful light could have been constructed. As I suggested in my

legislation introduced in the 99th Congress, we could have had the Federal Reserve package all the information required to be disclosed into one document and made that available to credit shoppers. That way folks shopping for credit could have gone down to the library and quickly compared the credit opportunities available to them. By comparison shopping the inevitable effect will be to lower credit card interest rates as consumers drop the expensive cards and move to less expensive ones.

Nonetheless, I support H.R. 515 as a long overdue step towards empowering consumers with the information they need to make thoughtful decisions about their credit needs. As Adam Smith described in the "Wealth of Nations" a long time ago, this legislation, and the information that it provides to consumers, will be the "invisible hand" that's going to bring credit card interest rates down. I think interest rates on credit cards ought to come down, and this is the way to do it—the free-market way.

The CHAIRMAN. Are there any further amendments?

The question is on the committee amendment in the nature of a substitute, as amended.

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

The CHAIRMAN. Under the rule, the Committee rises.

□ 1650

Accordingly the Committee rose; and the Speaker pro tempore [Mr. COELHO] having assumed the chair, Mr. SKELTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 515) to provide for more detailed and uniform disclosure by credit card issuers with respect to information on interest rates and other fees which may be incurred by consumers through the use of any credit card, pursuant to House Resolution 292, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

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

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. HILER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 408, noes 1, answered "present" 1, not voting 23, as follows:

[Roll No. 382]

AYES—408

Ackerman	Donnelly	Jones (NC)
Akaka	Dorgan (ND)	Jones (TN)
Alexander	Dowdy	Jontz
Anderson	Downey	Kanjorski
Andrews	Dreier	Kaptur
Annunzio	Duncan	Kasich
Anthony	Durbin	Kastenmeier
Applegate	Dwyer	Kennedy
Archer	Dymally	Kennelly
Arney	Dyson	Kildee
Atkins	Early	Kleczka
AuCoin	Eckart	Kolbe
Badham	Edwards (CA)	Kolter
Baker	Edwards (OK)	Konnyu
Barnard	Emerson	Kostmayer
Bartlett	English	Kyl
Barton	Erdreich	LaFalce
Bateman	Espy	Lagomarsino
Bates	Evans	Lancaster
Beilenson	Fascell	Lantos
Bennett	Fawell	Latta
Bentley	Felghan	Leach (IA)
Bereuter	Fields	Leath (TX)
Berman	Fish	Lehman (CA)
Bevill	Flake	Lehman (FL)
Bilbray	Filippo	Leland
Bilirakis	Florio	Lent
Bliley	Foglietta	Levin (MI)
Boehert	Foley	Levine (CA)
Boggs	Ford (MI)	Lewis (CA)
Bonior	Ford (TN)	Lewis (FL)
Bonker	Frank	Lewis (GA)
Borski	Frenzel	Lightfoot
Bosco	Frost	Lipinski
Boucher	Galleghy	Livingston
Boxer	Gallo	Lloyd
Brennan	Garcia	Lowery (CA)
Broomfield	Gaydos	Lowry (WA)
Brown (CA)	Gejdenson	Lujan
Brown (CO)	Gekas	Lukens, Thomas
Bruce	Gibbons	Lukens, Donald
Bryant	Gilman	Lungren
Buechner	Gingrich	Mack
Bunning	Gilckman	MacKay
Burton	Gonzalez	Madigan
Bustamante	Goodling	Manton
Byron	Gordon	Markey
Callahan	Gradison	Marlenee
Campbell	Grandy	Martin (IL)
Cardin	Grant	Martinez
Carper	Gray (PA)	Matsui
Carr	Green	Mavroules
Chandler	Gregg	Mazzoli
Chapman	Guarini	McCandless
Chappell	Gunderson	McCloskey
Cheney	Hall (OH)	McCollum
Clarke	Hall (TX)	McDade
Clay	Hamilton	McEwen
Clinger	Hansen	McGrath
Coats	Harris	McHugh
Coble	Hastert	McMillan (NC)
Coelho	Hatcher	McMillen (MD)
Coleman (MO)	Hawkins	Meyers
Coleman (TX)	Hayes (IL)	Mfume
Collins	Hayes (LA)	Mica
Combest	Hefley	Michel
Conte	Hefner	Miller (CA)
Conyers	Henry	Miller (OH)
Cooper	Herger	Miller (WA)
Coughlin	Hertel	Mineta
Courter	Hiler	Moakley
Coyne	Hochbrueckner	Molinar
Craig	Holloway	Mollohan
Crockett	Hopkins	Montgomery
Daniel	Horton	Moody
Dannemeyer	Houghton	Moorhead
Darden	Howard	Morella
Daub	Hoyer	Morrison (CT)
Davis (IL)	Hubbard	Morrison (WA)
Davis (MI)	Huckaby	Mrazek
de la Garza	Hughes	Murphy
DeFazio	Hunter	Murtha
DeLay	Hutto	Myers
Dellums	Hyde	Nagle
Derrick	Inhofe	Natcher
DeWine	Ireland	Neal
Dickinson	Jacobs	Nelson
Dicks	Jeffords	Nichols
Dingell	Jenkins	Nielson
DioGuardi	Johnson (CT)	Nowak
Dixon	Johnson (SD)	Oberstar



Obey	Salki	Stump
Olin	Savage	Sundquist
Ortiz	Sawyer	Sweeney
Owens (NY)	Saxton	Swift
Owens (UT)	Schaefer	Swindall
Oxley	Scheuer	Synar
Packard	Schneider	Tallion
Parris	Schroeder	Tauke
Pashayan	Schuetz	Tauzin
Patterson	Schumer	Taylor
Pease	Sensenbrenner	Thomas (GA)
Pelosi	Sharp	Torres
Penny	Shaw	Torricelli
Pepper	Shays	Towns
Perkins	Shumway	Traffant
Petri	Shuster	Traxler
Pickett	Sikorski	Udall
Pickle	Sisk	Upton
Porter	Skaggs	Valentine
Price (IL)	Skeen	Vander Jagt
Price (NC)	Skelton	Vento
Pursell	Slattery	Visclosky
Quillen	Slaughter (NY)	Volkmer
Rangel	Slaughter (VA)	Vucanovich
Ravenel	Smith (FL)	Walgren
Ray	Smith (IA)	Walker
Regula	Smith (NE)	Watkins
Rhodes	Smith (NJ)	Waxman
Richardson	Smith (TX)	Weber
Rinaldo	Smith, Denny	Weiss
Ritter	(OR)	Weldon
Roberts	Smith, Robert	Wheat
Robinson	(NH)	Whittaker
Rodino	Snowe	Whitten
Roe	Solarz	Williams
Roemer	Solomon	Wilson
Rogers	Spratt	Wise
Rose	St Germain	Wolf
Rostenkowski	Staggers	Wolpe
Roth	Stallings	Wortley
Roukema	Stangeland	Wyden
Rowland (CT)	Stark	Wyllie
Rowland (GA)	Stenholm	Yates
Roybal	Stokes	Yatron
Russo	Stratton	Young (FL)
Sabo	Studds	

## NOES—1

Crane

## ANSWERED "PRESENT"—1

Martin (NY)

## NOT VOTING—23

Aspin	Gephardt	Rahall
Ballenger	Gray (IL)	Ridge
Biaggi	Hammerschmidt	Schulze
Boland	Kemp	Smith, Robert
Boulter	Lott	(OR)
Brooks	McCurdy	Spence
Dornan (CA)	Oskar	Thomas (CA)
Fazio	Panetta	Young (AK)

□ 1705

So the bill was passed.

The result of the vote was announced as above recorded.

The title of the bill was amended so as to read: "A bill to provide for more detailed and uniform disclosure by credit and charge card issuers with respect to information relating to interest rates and other fees which may be incurred by consumers through the use of any credit or charge card."

A motion to reconsider was laid on the table.

## GENERAL LEAVE

Mr. St GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on the bill just passed.

The SPEAKER pro tempore (Mr. OLIN). Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

## PERSONAL EXPLANATION

Mr. FAZIO. Mr. Speaker, due to an illness in the family, I was unable to vote on the final passage of the Fair Credit and Charge Card Disclosure Act of 1987. However, if I had been here, I would have voted "yes."

## REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1212, EMPLOYEE POLYGRAPH PROTECTION ACT

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 100-407) on the resolution (H. Res. 295) providing for the consideration of the bill (H.R. 1212) to prevent the denial of employment opportunities by prohibiting the use of lie detectors by employers involved in or affecting interstate commerce, which was referred to the House Calendar and ordered to be printed.

## REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3545, OMNIBUS BUDGET RECONCILIATION ACT OF 1987

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 100-408) on the resolution (H. Res. 296) providing for the consideration of the bill (H.R. 3545) to provide for reconciliation pursuant to section 4 of the concurrent resolution on the budget for the fiscal year 1988, which was referred to the House Calendar and ordered to be printed.

## PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON BILL MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE, 1988

Mr. CHAPPELL. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on the bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1988, and for other purposes.

Mr. McDADE reserved all points of order on the bill.

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

There was no objection.

## PERSONAL EXPLANATION

Mr. GILMAN. Mr. Speaker, I was unavoidably detained earlier today because I accompanied President Reagan on his trip to West Point, and as a result I was not able to cast my vote on Rollcall No. 379, on agreeing to the Journal. Had I been present, I would have voted "aye." I also was not able to cast my vote on Rollcall No. 380, on agreeing on House Resolution 292, the rule providing for consideration of H.R. 515, the Fair Credit and Charge Card Disclosure Act of 1987. Had I

been present, I would have voted "aye."

## ORDER OF BUSINESS

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that the names of the gentleman from Indiana [Mr. JACOBS] and the gentleman from Pennsylvania [Mr. GRAY] be reversed in today's special order list.

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

There was no objection.

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

[Mr. HANSEN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

## D.C. PRISON OFFICIAL TRIP TO CHINA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. PARRIS] is recognized for 10 minutes.

Mr. PARRIS. Mr. Speaker, I take to the well today out of frustration, disgust or perhaps just utter amazement at a story I read on page B-7 of yesterday's Washington Post.

I was dumbfounded to read this story which informed us of the fact that the assistant director of the crisis plagued D.C. Department of Corrections left this past weekend on a \$3,600, taxpayer-financed junket to China in order to "advise" that country on how to run its prison system, all this while the department is being held in contempt of court and defending law suits over prison conditions. You talk about sending in the fox to guard the chicken coop. The story indicates that the corrections department representative was invited to provide "an example of what America is doing about prisons."

Perhaps the most blatant contradiction here is the fact that for more than 12 years, the District's corrections system has been plagued by a cancer of a combination of mismanagement and nonmanagement. The result has been court imposition of prisoner population cap on nearly every one of the City's prison facilities. Just 2 weeks ago, this body got a taste of D.C.'s prison management policies when I brought to the floor a resolution overturning a new city law putting literally hundreds of violent career criminals back onto the streets of our Nation's Capital simply because the system couldn't handle them.

And now, with a tight budget on top of all of the aforementioned, this city government has the sense of humor to send one of their high-level corrections officials to a Communist country to teach them how to run their prison system. If the city had instead used



that \$3,600 to hire a consultant to train itself how to run its own system, that would be wonderful. If the city had sent this official to China in order to teach them how not to run their corrections system, I suppose that would be okay, too.

I have one suggestion. Perhaps this Congress should agree to fund two similar trips for District of Columbia corrections officials to the Soviet Union and to Nicaragua—I have a strong belief that if we did, we might eliminate the need for nuclear weapons and the Contras in one fell swoop. In all seriousness, I just wish the city would wake up and smell the coffee—they have simply got to get their priorities in order before the Congress decides to do it for them.

#### MEDICARE COVERAGE FOR MAMMOGRAPHY SCREENING

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

Mr. STARK. Mr. Speaker, today I am introducing legislation to cover mammography screenings under the Medicare Program.

Currently, the Medicare Program does an excellent job of covering new curative procedures and technologies. As these medical discoveries are made available, the Health Care Financing Administration [HCFA] includes them in the Medicare Program without requiring congressional approval. This system makes a great deal of sense. In this way Medicare beneficiaries become entitled to the most up-to-date medical curative procedures available in the country.

However, when it comes to preventive medical procedures, the story is very different. In general, Medicare does not now cover preventive medical services. As a result, preventive medical services are not provided through administrative procedures. Instead Congress must provide statutory authority.

This system makes no sense because as Ben Franklin said long ago, an ounce of prevention is worth a pound of cure.

For example, early detection of breast cancer through relatively inexpensive mammogram examinations can prevent the need to spend thousands of dollars on hospital costs for patients dying of breast cancer.

In 1987, according to the Office of Technology Assessment [OTA], approximately 110,000 women will be diagnosed to have new primary cases of breast cancer, and approximately 47,000 deaths from breast cancer will occur. About 48,000, 48 percent, of the new primary cases and about 24,000 of the deaths will occur in women over age 65.

Although epidemiological evidence has suggested a number of risk factors for breast cancer, the cause of the disease is not known. However, several studies show that early detection is the best means of preventing the debilitation and death associated with this disease. Computer enhancement of low-dose x rays has made the mammogram procedure for detection of breast cancer both safe and effective.

The American Cancer Society is now recommending that women receive a baseline mammogram between the ages of 35 and 40

and that beginning at the age of 40, a mammogram be taken every 1 to 2 years until the age of 50. From age 50 and thereafter one is recommended annually.

My legislation would follow the American Cancer Society's guidelines. For Medicare beneficiaries 65 and over, Medicare would be required to pay for an annual mammogram screening on an assignment-related basis. For disabled beneficiaries, Medicare would be required to pay on an assignment-related basis for a mammogram baseline screening at age 35 through 40. For disabled beneficiaries age 40 through 49, Medicare would pay for a mammogram every 2 years, except if the woman was at high risk it would pay for an annual mammogram, and for those 50 and over for an annual mammogram.

Because of ongoing research on appropriate screening guidelines, the National Cancer Institute would be required to develop guidelines for mammography screenings and report to the Secretary and Congress by January 1990. The Secretary could then revise the statutory guidelines taking into consideration the recommendations of the National Cancer Institute and also adjust the circumstances under which payment would be made.

To assure that Medicare beneficiaries receive the highest quality of care, the Secretary would be required to establish conditions of participation for facilities offering mammography procedures. Only those facilities meeting these standards and employing qualified personnel would be reimbursed.

Payment for mammogram screenings would be limited to 80 percent of the reasonable charge, up to a limit of \$50 for the performance and interpretation of the mammogram. In other words, Medicare beneficiaries would never be charged more than Medicare's 20 percent coinsurance amount for the mammogram screening.

In order to assure that the payment level is appropriate, the Secretary would be required from time to time to review the amount of the limit and after 1989, adjust the amount of the limit as it applies nationally or in any area to the amount required to assure that mammograph screenings of an appropriate quality are readily and conveniently available during the year.

The cost of this legislation is estimated to be about \$200 million a year. When this proposal is considered it will be reported in a budget neutral manner.

Although this legislation only covers mammogram screenings, I am equally concerned about Medicare coverage for other preventive services, especially pap tests.

I have requested the Office of Technology Assessment [OTA] conduct a study to determine the effectiveness of covering a number of preventive services for Medicare beneficiaries and plan to introduce more legislation in this area based on the results of the OTA study.

Mr. Speaker, needless deaths and debilitation can be prevented by early detection of breast cancer through mammogram screenings. It makes sense for Medicare to begin covering preventive procedures.

#### MANAGERS OR LEADERS: THE REPUBLICAN CRISIS IN 1987

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Georgia [Mr. GINGRICH] is recognized for 5 minutes.

Mr. GINGRICH. Mr. Speaker, I want to speak briefly tonight on what I think is the Republican crisis in 1987, which is a crisis between managers and leaders.

The stock market fall, the failure of the Bork nomination, and a number of other issues have led to a lot of attention being paid to what is going wrong. I want to suggest a fundamental failure in my party right now.

There are a lot of people who believe that it is the Republican Party's job to manage Washington, to manage the legislative branch, to manage the government. I think that is exactly wrong. Washington is a national capital based on a liberal welfare state which the country has now repudiated in five consecutive elections.

The last time a leftwing President won a clear victory was when Lyndon Johnson won in 1964. In 1968 Hubert Humphrey got 43 percent of the vote; in 1972 George McGovern got 38 percent; in 1976 Jimmy Carter beat all the liberal candidates for the Democratic nomination; in 1980, after defeating EDWARD KENNEDY in the primaries, Carter himself only got 41 percent; and in 1984 Walter Mondale got 41 percent. That is a pretty consistent 38 to 41 percent base vote for leftwing policies.

Even in the House, Ronald Reagan carried 370 congressional districts while Walter Mondale carried only 65. In the 1986 Senate races, in every Southern State which the Democrats won, they won with a dramatically lower vote than Ronald Reagan got 2 years earlier, and in two of those States, Georgia and North Carolina, they won with a vote lower than Mondale's.

□ 1720

Faced with all of this, I would suggest to the White House and the Republican leaders in the House and the other body, what the country wants is leadership, not managership.

You cannot manage a left wing national establishment and a leftwing Capitol Hill in a way which makes sense to the American people. Every time we try to apply management techniques, getting people who are fundamentally of different values together in the same room to cut a deal, we sell out the values of 49 States that voted for Reagan and the values of 370 congressional districts. We give in to what is an essentially illegitimate power structure in this Capitol. This structure survives basically by rigging the rules, packing the incumbent Congressmen's ability to run for reelection with \$1 million of incumbency advantage, and allows big labor to have all sorts of advantages in the election law process.

I hope that among the White House, and the House and Senate Republican leaders, we will look for leadership



rather than managership. We will ask the question, what is it America needs rather than what will the leftwing Democrats who control Capitol Hill give us. I hope that in the future we will look to the Nation rather than the Washington Post for our direction.

#### HOUSE TELEPHONE SYSTEM

The Speaker pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, after Judge Green decided that the American telephone system had to be broken up, we had to make some fundamental decisions. The handsets previously manufactured for AT&T by Western Electric were no longer being made and had to be cannibalized for parts in making repairs. Telephone costs in the House were escalating while technology and new competition were cutting costs elsewhere. The older analog telephone systems, such as we had, were being rendered obsolete, while the new digital systems that also serve for computer data transmission, were being installed all over the Nation to replace them. The House was paying a lot of rent for an obsolete system.

To cut costs and bring us up to the state of the art, we have had to build a whole new telephone system here in the House. We have purchased a good system from a good company, and we are now only in the first phase of installing and testing the equipment. AT&T, the company we chose to provide and install our equipment, knows it will not be paid fully until we are satisfied with the product we bought from it. As in any new system, we anticipated there would be some initial problems that are not being resolved.

We have informed top officials of AT&T that any concerns of Members must be dealt with directly and effectively. They agree completely, and they are trying to meet this commitment right now.

I know that the telephone is the life's blood of a legislator, and I want, as much as all of you, nothing less than a totally secure and reliable communication system. And you shall have it. We are going to save a lot of money on our phone bills, and at the same time, get better service. If you have a problem, let the Clerk know about it, and I guarantee you will get quick response, and ultimately, a satisfactory resolution of the problem.

Mr. Speaker, if the Members will bear with us while the installation is going on, this new telephone system should turn out to be one of the best buys this institution has ever made. The payoff will be the same or better service than we have ever had, plus the savings of millions of dollars.

#### ELECTIONS IN HAITI

The SPEAKER pro tempore (Mr. OLIN). Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 5 minutes.

Mr. OWENS of New York. Mr. Speaker, former President Jimmy Carter visited Haiti a few days ago, and I want to applaud the former President's concern about human rights in Haiti.

One of the problems we have with this administration is that human rights in places like Haiti and South Africa are not accorded the same attention as they are in places like Afghanistan or Poland; but the former President's trip was sponsored by the National Democratic Institute for International Affairs and the Council of Freely Elected Heads of Government in the Western Hemisphere. This is a loose federation of current and former Presidents and Prime Ministers which Mr. Carter chairs.

While in Haiti, Mr. Carter held a news conference during which he said the following:

We met with the leaders of the National Council of Government and questioned them about their support of the Provisional Electoral Council, the CEP, in the elections process, and also about some of the attacks that had been made recently on prominent persons, some of them running for President. General Namphy and General Regala pledged to us that they intend to give full support to the decision made by the CEP to ensure that the nation remains at peace and that the elections will be carried out as scheduled.

There seems to be very little communication or cooperation, however, between the National Council of Government and the CEP. And we could see very little evidence of enthusiastic investigation of the murder of Mr. Vollel.

Yves Vollel, a candidate for President, was murdered in front of the central police station in Haiti.

To continue with Mr. Carter's quotes, I quote again:

However, when we talked to the candidates for President, a number of them, they all said that their campaign was being conducted enthusiastically all throughout Haiti, and that neither they nor the voters would be intimidated by the violence that has taken place here in this country.

We had a long meeting with the members of the CEP. I found them to be very dedicated men, very courageous men, and our own assessment is that the full support of the Government, the religious leaders, the leaders in business and education, and the people of Haiti, should be with this body, the CEP responsible for the elections.

Mr. Carter plans a series of visits to Haiti to call attention to the elections. This is not his only trip. He intended to go back.

Again I applaud the former President for his concern. The Provisional electoral Council invited Mr. Carter and the Council of Freely Elected Heads of Government in the Western Hemisphere to observe the November 29 elections, and the inauguration ceremony next year.

A full report on Mr. Carter's visit to Haiti should be completed and disseminated by the end of this week.

We look forward to receiving a full report from Jimmy Carter on exactly what is happening in Haiti. However, Mr. Carter is in error in one respect. They are focusing on the November 29 Presidential election, but in Haiti the electoral process is going forward already. They are only 19 days away from the elections on November 15 of the new municipal and regional coun-

cils; and then after that, they will elect delegates, persons to the National Assembly, and it is on the 29th of November that they have the final climax of the election process, November 29, and that is only a month and 1 day away.

To wait until November 29, however, to begin to send teams of observers to go back to observe would be folly.

What is needed now is a set of observers in Haiti at present. The ballots are being prepared at present. People are being registered at present, and all of this is taking place in an atmosphere of basic hostility.

Late last week Haiti's Minister of Information issued a communique warning the Haitian press that it might be violating a national law—he does not say which law—but they would be violating a law if they quote or print anything that is said by U.S. State Department officials, by Senator EDWARD KENNEDY, or by others in the U.S. Congress, or anyone who calls for free and fair elections in Haiti, and said they are guilty, according to the Minister of Information, of interfering with the internal affairs of Haiti.

I put it to the Members that this is exactly what we would like to do. We would like to interfere with the internal affairs of Haiti, as they are presently constituted, because 90 percent of the Haitian people voted for a constitution and an electoral process which a very tiny minority of people who have guns, the Tontons Macoutes members and the army and the police, they have the guns, and they are the ones who are obstructing the process.

Fortunately, as a result of some of the State Department persons speaking out, and other people in the Congress speaking out, Gen. Henri Namphy, the chairman of the National Council of Government, has held a seminar and called all the Haitian Army commanders together and told them, and this is probably for show, but at least they have taken this step. They have told them that they must be on their best behavior. They must support the electoral process. They must guarantee the safety of the members of the Electoral Council.

We think that all of this represents a tiny step forward, that there is a responsiveness at this point to the outside calls for a fair election in Haiti.

We think that the people who are in charge who have the guns are going to think twice before they openly defy the electoral process.

Our only concern is that they will do things behind the scenes, that now that they know who the candidates are, we may have some mysterious disappearances of candidates, or accidents involving candidates, or candidates suddenly dropping out.

We applaud the actions of former President Carter and his organization.



# TRIBUTE TO THE LATE HONORABLE H.R. GROSS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa [Mr. SMITH] is recognized for 60 minutes.

## GENERAL LEAVE

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order tonight.

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

There was no objection.

Mr. SMITH of Iowa. Mr. Speaker, many Members of the House were saddened to hear of the passing of H.R. Gross. Upon receiving the news, I announced it in the House and immediately numerous Members expressed admiration for his long and dedicated public service.

I remember that every time that Members came to the floor of the House, he would be near that microphone to the left of the center aisle watching and seeing what was going on and really attending to the business of the House. He was really a dedicated public servant.

I first knew of H.R. Gross when I was a small boy, and we listened to the news on the radio. H.R. Gross was without a doubt the leading radio newscaster in the Midwest. He had been in Congress several years before I was elected and established a national reputation for tenaciously and conscientiously analyzing the legislation which came to the floor of the House and exposing whatever weaknesses he perceived that it had. Even those who may not have agreed with his opinions from time to time never the less appreciated the fact that he was doing his job and serving the people he represented faithfully and diligently.

H.R. retired voluntarily after 26 years of continuous service in the House of Representatives. I am proud to say that we became personal friends and my life has been enriched by knowing him. Bea and I extend our condolences to his wife Hazel and the family.

Mr. Speaker, I yield to the gentleman from Iowa [Mr. LEACH], the gentleman from the First District of Iowa.

Mr. LEACH of Iowa. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. SPEAKER, H.R. Gross was one of the most unique legislators of this century. These aspects of his public service stand out:

H.R. Gross was a conservative—in a penny-pinching, not social issue sense. He was a scholar, a researcher, a reader of fine print. No floor manager could take the floor without asking staff to prepare answers to the probing questions H.R. might ask. Fear and trepidation about such questions kept a lot of mischief from bills and caused

a lot of legislators to learn the substance of statute before daring to bring it to the floor.

H.R. Gross was an investigative legislator employing journalistic techniques. He was the ultimate discloser—not behind his colleagues backs—but by shedding light on fine print, he beat the professional press at its game.

Everett Dirksen once noted: "A billion here, a billion there; pretty soon it adds up to real money."

For H.R., a thousand here, a thousand there—\$10 of taxpayers dollars anywhere—matters.

It is no accident that every year H.R. introduced H.R. 144—Gross, a balanced budget amendment. He was the fiscal conservative's fiscal conservative.

The final point that distinguishes H.R. from others of his age was his special partnership with his wife Hazel. In this age of staff driven efforts, H.R. relied primarily on one partner—his wife. Together they would burn the midnight oil studying the next day's legislative calendar.

H.R. proved one voice matters and that when magnified in partnership with his wife, it took on a special strength and appeal. There has been, to my knowledge, no comparable legislative family in the history of Congress.

In sum, it is his kind of integrity, his kind of understanding of the rules and basic American common sense that is so much missed in this body.

The record of H.R. Gross—the unpretty visage and inelegant rhetoric—is the record of a genuine American folk hero.

Mr. SMITH of Iowa. Mr. Speaker, I thank the gentleman for those remarks.

Mr. Speaker, I yield to the gentleman from Iowa [Mr. GRANDY].

Mr. GRANDY. Mr. Speaker, I thank the gentleman for yielding to me.

H.R. Gross left in 1974, and I arrived in Congress in 1986, and I did not know him.

It was my privilege to meet him when I was a staff member for former Member Wiley Mayne back in 1970, and it is also my distinct privilege to represent roughly half of his district now, the Mason City area, Wright County, Cerro Gordo, and one of the things I have encountered when I am out holding town meetings is a recurring thing. Somebody will come up to me and say, "Remember, we are H.R. Gross people," and that has very clear meaning to anybody from Iowa, and that means they are fiscally conservative, and they want to know where their dollars go, and they want you to know, as their Congressman, where their dollars go.

As a new Member of this body, there is a legacy that H.R. Gross bequeaths to certainly Members of this side of the aisle, to watch where the dollars go and to make sure that the spending is equitable, and make sure that we

are reasonably penurious and to make sure that Iowa gets its fair share.

□ 1735

I would just say that as somebody who used to sit up in the gallery from time to time and watch H.R. Gross hold forth, and as somebody who spent part of his career in another field, television would have loved H.R. Gross and in a way it is kind of too bad that he left here before he had the ability to project his image to millions of households around this country, because to be blunt about it, he would have been a star.

I think America would have gravitated to him, as my colleague the gentleman from Iowa [Mr. SMITH] has said, because he was a definite folk hero, although it is true his manner was roughhewn, it was honest, it was thorough and I have to just think sometimes that as we now in this body grope towards some kind of a mechanism to manage fiscal responsibility, to create some kind of a piece of equipment that will balance the budget, what a man who was obviously a fiscal mechanic like H.R. Gross would have thought of something like Gramm-Rudman. I would have loved to have heard the benefit of his remarks when that was debated not once but twice, and I know because of our deliberations on the budget now, we probably need H.R. Gross more than ever.

I hope that his tradition continues. I know it will continue in my district. I know that if I ever try to deviate from a tradition of H.R. Gross there are roughly 11 counties that are still H.R. Gross country, peopled with H.R. Gross folks, and I would just say to my colleagues that if we are saddened by the loss of H.R. Gross, I do not think we have to assume that he is still not on duty. If there is a charge for getting into heaven, Mr. Speaker, I would assume H.R. Gross is haggling over it right now.

Mr. SMITH of Iowa. Mr. Speaker, I am happy to yield now to the gentleman from Iowa [Mr. LIGHTFOOT], a Member of Congress from the Fifth District.

Mr. LIGHTFOOT. Mr. Speaker, I thank the gentleman for yielding to me, and for holding this special order this evening on Mr. Gross.

It was not my pleasure to have served with H.R. Gross, as I have only been here now in my second term, but I was quite aware of his activities and as a former broadcaster, we followed many of his activities in that particular sense. H.R. Gross was here for approximately a 28-year period. I guess he got the name as being this body's watchdog during that period of time. He challenged what he always considered as pork barrel spending and he opposed about every foreign aid package, I guess, that came down the road.

H.R. Gross was born June 30, 1899, he milked cows, and did field work on



his family farm that is located near Arispe, IA.

I think an interesting thing about him is that he never finished high school but he did attend Iowa State University and the University of Missouri School of Journalism and became a radio broadcaster. He joined WHO in Des Moines, IA at a time when there was a fellow there by the name of Ronald Reagan and they both went on, I guess, to their own particular bits of fame.

He came to Congress from the Third Congressional District, which is up in north-central Iowa, and he stayed here until he retired back in 1975.

I am sure my colleague from the Des Moines area who has been here with him knows this, but I am told he reads every bill, that he knew them inside out and he came to the House floor and used his knowledge of the House rules to block or at least slow down those things he was in opposition to.

He regularly reintroduced a measure to balance the Federal budget, H.R. 144, which was a real strong demonstration I think of his commitment to fiscal sanity. He regularly bucked the party leadership, but he was a staunch anti-communist and a fiscal conservative in the highest form.

I find myself sympathetic to many of H.R. Gross' leanings basically as a law-preventer rather than a lawmaker. So many things we do here are in a manner that they tend to restrict rather than enhance personal freedoms. I tend to agree that Congress has an inability to curb its spending appetite.

H.R. Gross also rejected the notion that to get along one must go along in this body. He pretty much was a loner and did things on his own. He was a man of great wisdom and we dug out a few of his quotes, which I think would be, hopefully, a suitable epitaph for his tenure here in the House of Representatives.

In the National Observer on March 23, 1974, he said about Congress, and I quote:

Nothing gets done. You know, we can't go on piling up debt, paying so much interest. We can't go on and maintain this form of government. If you can't retire this debt by orderly means, then it will be retired by disorderly means or unusual means.

Here in 1987 I think we should maybe pay a little more heed to those words.

Talking about the President, H.R. Gross said:

The point is the President can't spend a goddamn dime. He can't impound a penny unless we give it to him. Congress ought to get a mirror and take a look at itself.

Again, I think that fits today.

Usually beginning his questioning on the House floor with "Well, how much will this boondoggle cost?", he is estimated to have saved the taxpayers hundreds of millions and perhaps even billions of dollars.

In June 1974 there was an article in Nation's Business, and it said:

Two signs hang in Gross's office. One says "Nothing is easier than the expenditure of public money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody". The other sign said, "There is always free cheese in a mousetrap."

H.R. Gross consistently opposed pay raises and foreign junkets by fellow Members. I understand he never took one, but on occasion his travelling colleagues sent him postcards during their travels saying, "Wish you were here."

In a different vein, I think a lot of us would like to say, "H.R., wish you were here."

Mr. SMITH of Iowa. Mr. Speaker, I think the remarks of the gentleman reflect something else that was unique about H.R. Gross. He had a sense of humor. He could do these things. He could expose shortcomings in bills without making people angry. He really was unique. There is no doubt about that.

Mr. Speaker, I am privileged to have served with H.R. Gross for those 16 years. I do represent now one of the counties that was in H.R. Gross's district. He used to carry it 4 to 1, and the people there still remember him even though it was several years ago.

Mr. Speaker, I wish to extend my thanks to all the Members for participating in my special order.

Mr. TAYLOR. Mr. Speaker, we all mourn the loss of the "conscience of the Congress," H.R. Gross, who passed away September 22, 1987.

While I had the pleasure of serving with H.R. for only one term, he was well known to me before I entered the Congress because of his fame as a balanced budget advocate, his tart wit in debate, and his opposition to many of our governments' foreign aid programs.

H.R. was always prepared. He did his homework. In fact, legend has it that H.R. would study the bills and reports in bed at night, and if he fell asleep in the process, his good wife, Hazel, would pick up the document, study it and then brief H.R. on its contents the next morning.

Gross made his impact in the House in many ways, but one of his most important was the introduction at the beginning of each session of the balanced budget amendment, which was given the number H.R. 144.

To Hazel and their two sons, we extend our deepest sympathy on the death of H.R. Gross. We know that he is resting in peace under that old oak tree in Arlington Cemetery, lying there amongst the other heroes of this great Nation.

Mr. UDALL. Mr. Speaker, I was sorry to learn of the passing of H.R. Gross, a Member of this House for 26 years.

This was a tenacious, fiercely committed man, a genuine American Original. Had there been no H.R. Gross, we would have had to invent him.

We served on quite opposite sides of the aisle, but to watch H.R. Gross in action was to certainly admire his consistency. He was dogged in his beliefs and sincere in the pursuit of public service as he saw it. And there was never any doubt about where he stood.

H.R. Gross served his fellow Iowans with a singular zeal and with dedication.

My sympathy goes to his family.

Mr. BENNETT. Mr. Speaker, I appreciate the opportunity to say a few words about my good friend, H.R. Gross. H.R. Gross was a man who followed his conscience and did what he thought right, regardless of the consequences.

I have a special feeling in my heart for H.R. Gross. He was elected to Congress the same year I was—1948. We also shared a similar philosophy of government. H.R. Gross spoke out against wasteful spending and against foreign aid. He was a conscientious, no-nonsense legislator. He was also a thorn in the side of some, so to speak, encouraging the Congress to live up to its responsibilities. He also spoke out with a vengeance against Congressional salary increases. Time magazine once described Gross as "a self-appointed caretaker of the Congressional conscience." In this time of increasing budget deficits and market instability, we would all do well to emulate H.R. Gross. A true fiscal conservative in every sense, H.R. Gross consistently questioned all proposed expenditures, whether large or small, in his personal drive "to save this country from national bankruptcy."

H.R. Gross was an exemplary American citizen. His family has much to be proud of in his accomplishments. He was a man small in physical size, but he was a giant in the qualities that count—courage, honesty, and integrity. A veteran, a Congressman, a family man and a statesman, H.R. Gross was all of these and more. Congress was blessed with his presence, and today, we need more people in Congress with his character and decency.

Mr. FORD of Michigan. Mr. Speaker, I would like to join in the eulogy for our former colleague, H.R. Gross.

Personally, even though we represented far different political persuasions, I regarded serving in Congress with H.R. Gross an honor and a privilege.

In every respect he was a gentleman who faithfully embodied the spirit of America's heartland that he so genuinely represented.

Even those who disagreed with him on policy recognized him as a spirited Member of Congress who spoke with authority for the people of his district.

It was a distinct pleasure to have served with him on the Committee on Post Office and Civil Service. And I am sure that I speak as well for present and past members of the committee when I say this.

He left a mark on Congress that will not soon be forgotten.

Mr. DE LA GARZA. Mr. Speaker, I was saddened to learn of the death of our former colleague from Iowa, H.R. Gross, and would like to take this opportunity to say a few words.

H.R. Gross was a man of ultimate integrity and courage who throughout his life strived for, and achieved, success in whatever he pursued. He was one of those rare few who excelled in whatever enterprise he undertook and who managed to do so with extraordinary modesty and grace.

Former Representative Gross was an individual intensely devoted to his constituents—one who represented the Third District of Iowa with dedication, sound judgment and integrity. His presence and his expertise were an inspiration to all and I join with my distinguished



colleague, Representative NEAL SMITH, in extending heartfelt sympathies to those he leaves behind.

Mr. QUILLIN. Mr. Speaker, I wish to join my colleagues in paying tribute to the memory of Congressman H.R. Gross of Iowa who passed away last month at the age of 88.

Congressman Gross served as a Member of the House of Representatives for 26 years until his retirement at the end of the 93d Congress. I served with Mr. Gross here in the House for 12 years and I can testify without fear of contradiction that Congressman Gross was a man who made his mark and who made a difference.

Congressman Gross represented northeastern Iowa and his views were those of a frugal fiscal conservative with a strong dash of farm-state populism. He was a blunt-talking, hard-working, serious Member of Congress who had a booming voice. He was a strong presence on the floor as he strove diligently to uncover wasteful and unnecessary Government spending. And he found a lot of it. And when he did, he'd let us know.

It has been said that Mr. Gross read every line of every bill that came to the floor for a vote. I don't know if this is literally true, but he was certainly the champion at ferreting out little items in many bills that proved embarrassing to sponsors. This had a good effect on all of us, and there is no doubt in my mind that over the years he served in the House, he saved the taxpayers of this country many millions of dollars. For this he has my gratitude and respect.

Congressman H.R. Gross will be missed by those of us who had the privilege to serve and work with him as colleagues in the House. We are saddened by his passing.

At this time of grief, I wish to extend my sympathies to his wife, Mrs. Hazel Gross, his sons, Phil and Alan, his brother, Sydney and his sister, Lillian Underwood.

Mr. RODINO. Mr. Speaker, I want to thank the gentleman from Iowa for organizing this special tribute to our friend and former colleague, H.R. Gross, who died on September 22.

H.R. Gross was a true original. His H.R. 144, which he introduced in every session during his 25 years in the House, was his trademark. H.R. spent a considerable amount of time on the House floor where he insisted on the full and fair application of the rules of the House, which he knew so well. In his desire to safeguard the national interest, H.R. considered it his duty to read every bill that came before the House. He never hesitated, in that booming voice of his, to ask penetrating and important questions and to make sure that everyone did their homework.

What H.R. reflected was the best of American virtues: thrift, a probing wit, attention to detail, and a commitment to public service. He was an independent spirit with deep convictions and a willingness to act on his beliefs.

H.R. Gross was respected on both sides of the aisle for his honesty and his diligence. You might not always agree with H.R., but no one ever questioned his integrity or desire to serve the best interests of the Nation. He loved Congress and in turn, he always had our genuine respect and affection.

I feel privileged to have known H.R. Gross, since we both entered Congress in 1949. His commitment and service will continue to serve as an example to us all. I send my con-

lences and sincere best wishes to H.R.'s wife Hazel and his entire family.

Mr. FASCELL. Mr. Speaker, I note with sadness the recent passing of one of our most esteemed former colleagues, H.R. Gross, who in 26 years of service in this chamber did a truly outstanding job of representing both his beloved home State of Iowa and our national interest.

A former colleague of mine on the Foreign Affairs Committee, H.R. set the standard for hard work and dedication. A truly independent thinker, he studied all sides of an issue before he made up his mind—and once having made his determination, he was unshakable. He was, above all, a true guardian of the National Treasury—and woe be to the member who tried to slip something past him.

Members also learned that H.R. was a reasonable man, and ever willing to listen to their legislative problems and help when he could. Partisan, doctrinary considerations were alien to his nature.

For many years, he played a major role in the activities of this body and in the affairs of this Nation. The assets he brought to this institution are sorely missed.

Mr. ANDERSON. Mr. Speaker, I would like to join my colleagues in mourning the passing of a man who loved this great Nation, and had the courage to pursue his beliefs and not simply respond to what others dictated. I speak of former Congressman Mr. H.R. Gross.

Harold Royce Gross touched each of our lives here in Washington, and over the years his tenacious, detailed oriented style left its mark on American politics, and on our Nation's legislative process. Any attempt to summarize his contributions to our great Nation fall far short of that purpose, and do not seem to serve his memory justice.

I have been proud to serve in our Nation's Capitol, and associate with great leaders like H.R. Gross, and I am as equally proud to be a part of a system that recognizes individuals like H.R. Gross. Current legislation that attempts to curb the U.S. deficit, are standing tributes to this man who realized and pursued this cause in his many years in office. I wish only to go on record as one of the many who recognized H.R. Gross, appreciated his efforts, and respected his ideals. His record speaks for itself.

#### LOSS OF MORE STRATEGIC TECHNOLOGY TO SOVIETS THROUGH COCOM COUNTRIES

The SPEAKER pro tempore (Mr. OLIN). Under a previous order of the House, the gentlewoman from Maryland [Mrs. BENTLEY] is recognized for 60 minutes.

Mrs. BENTLEY. Mr. Speaker, the Washington Post carried an article last Thursday stating that an investigation by the Dramman, Norway, police department had uncovered the sale of more strategic machinery to the Soviets covering a 10-year period starting in the early 1970's.

Although the investigation targeted the Norwegian firm Kongsberg—which had been found to have made sales in conjunction with the Japanese firm, Toshiba, during the 1980's—in the course of digging into the history of Kongsberg's dealings with the Rus-

sians—it was discovered that not only had Kongsberg been selling at a much earlier date, but that other firms in other countries had been also engaged in these illicit sales.

One firm is in West Germany, a French company—Ratier-Forest S.A.—was named as possibly having "multiple violations," and an English firm is being investigated for proscribed selling milling machines to China. I think that the two new companies involved in these charges should be banned from selling any of their products to this country. Even though Kongsberg has gone into bankruptcy, a ban against their products should not be removed by the Defense Department.

These violations, by companies in allied nations, continues to shock and outrage. For the last 40 years, the United States has carried the burden of defending the Free world from the Soviets. We are in the midst of a budgetary crisis right now and I believe—it can be proved—that were we not carrying the defense burden for the rest of the world, we would not be in this crisis.

It is therefore 10 times more bitter to me, as an individual taxpayer, and as a Congressperson having to face the problem of the deficit, that the very people for whom we have sacrificed so much, are so untrustworthy of our confidence—so undeserving of our protection.

And in the same way, the treatment of this matter by the Washington Post, is puzzling to me. At the time of the first discovery of sales to the Soviets by Toshiba and Kongsberg, I and some of our colleagues held a press conference where we smashed a Toshiba radio with a sledgehammer.

The Post chided us in an editorial and interestingly enough, though there were several other Congress people involved, the Post chose to feature me. I was flattered. But then, they proceeded to lecture me—rather harshly—for using a bludgeon on such a delicate situation. Trade didn't need the sledgehammer approach.

□ 1745

Treason is not a trade issue. And nations which have winked at restrictions on East-West trade deserve to be attacked in some manner that is less than diplomatic.

I might point out that we have been advised both by the Japanese and from the Defense Department end that if it were not for that emphatic smashing of this small Toshiba radio, which was dramatic, yes, but if it had not been for that, nothing would have happened in the arena of getting Japan to move on trying to get an espionage law through, and they still have not. I might point out that I had a visit from some citizens from Japan last week who are trying to get an espionage law through. They feel that it is necessary, and they want to reestablish in this country confidence in



Japan. But until something like that is moved, it will not happen, and that is their concern.

I might also point out that when our Defense Department initially approached Japan last December about the sale of this equipment to the Soviet Union, neither Japan nor Norway moved, not at all, not until we in Congress came down hard on the issue.

On Friday of this week, the Post did it again. Following their own newsworthy which reports a senior administration official using intelligence sources as saying that equipment from the West German firm most likely was used to manufacture nuclear weapons, the Post in an editorial on Friday, suggests that the United States is somehow at fault for trying to have too many export restrictions.

I guess they are saying that we have "confused them"—in the same manner that they suggest in the original story that since all of these new infractions have been discovered, that Toshiba—in some magical manner—is less guilty for its sales to the Soviets. In other words, were I to be caught robbing a bank, then when other people rob banks, I am then less guilty.

Isn't it interesting, that in the area of foreign policy, whether it is supporting freedom fighters in Nicaragua or selling off technology in a treasonous act by foreign manufacturers—the United States is always wrong. Always at fault.

I reject hair shirts and "guilt trips." Not only have we protected all of these people for the last 40 years, we rebuilt their industrial bases with the Marshall plan and the taxes of hundreds of thousands of working men and women in this country. It is this foreign industrial power which is now turning around and biting us with the balance-of-payments deficits for all of the "free trade" items flooding our markets.

It is time for us to stop being the world's "big nice guy." The Russians are our enemies—otherwise we can cut the Defense Department by at least 50 percent. The Russians need any of our technology then can get their hands on—and they make no bones about it. At a time when we are being made more and more aware of their successes, more and more of our weapons production is being moved offshore in co-production or in licensing agreements with our allies.

A headline in Defense News of October 5 states that the "Pentagon Targets Protectionism." The lead explains that "the U.S. Defense Department has begun a comprehensive review of its international defense trade relations and is mounting an effort to defeat trade protectionists measures in Congress."

A gentleman named Dennis Kloske has been made responsible for this activity. He currently heads up the Defense Department Cooperation Working Group, which advocates overseas

procurement within the Pentagon. How, we know whom he represents—overseas manufacturers. And, Mr. Speaker, it is American manufacturers and the rest of us taxpayers, who pay his salary.

I think we can legitimately charge the Defense Department with contributing to the balance of trade deficit as well as to our operating budget deficit by its procurement overseas.

A recent Harvard University study points out that although we are talking about 12 million new jobs in this country that 8 million of them pay \$7,000 or less. This means that we have lost a great amount in the manufacturing sector. The manufacturing sector pays much better than \$7,000 a year. And with the money that the defense Department is spending offshore, that is going into keeping other people employed rather than Americans who could use a higher paying job and who would be contributing into the U.S. Treasury to keep the Defense Department going. We need to have people thinking that way.

In fact, we could say that the Defense Department is becoming as bad as the State Department. Despite the fact that the United States is almost bankrupt and is a debtor nation, and must go out to borrow the money to send to these foreign producers, the Defense Department thinks only of foreign producers. Maybe we should establish an American desk over there at DOD like we need to do at the State Department.

Perhaps I should not be as harsh on the Defense Department as I have been. Part of the blame rests right here in this body. We recently in committee, as I understand it, removed an amendment that would have required all development of the SDI to remain in the United States of America, none of it to go overseas. That has been plucked out. Also, there was another amendment in there, one that would have required the Defense Department, the Navy, to buy its machine tools in the United States of America and not overseas, and that has been removed from the 1988 Defense appropriation bill.

Right here in this body if those amendments were in there, then the Defense Department would have no choice, they would have to adhere to buying in this country.

Incidentally, since 42 cents of every dollar spent in America returns to State, Federal, and local taxing entities and to workmen's compensation, unemployment compensation, and Social Security—no purchase of any Government item abroad is cheaper unless it is 42 cents cheaper.

And, since every dollar recently spent by the Government is borrowed—an additional 8 to 10 percent on average must be added to that figure for paying the debt service on each dollar.

In truth then; unless every foreign item is 50 percent cheaper than its

American counterpart, it is not cheaper to procure Government purchases abroad. How can we possibly continue to interpret the law on second sourcing or competitive bidding as we have thus far? Nothing is coming in from abroad at a 50 percent differential and yet hundreds of small American companies have gone bankrupt trying to compete for government contracts against these "supposedly" cheaper foreign products.

I guess the Pentagon is beginning to recruit from Harvard Business School. Their bookkeepers are looking at the quarter end statement—the near-term report instead of the long-term result.

They are forgetting that they have been charged by the Constitution to defend the country. They are to be the major strategists of our defense. Not only are they wrong on the cost effectiveness of what they are doing to themselves and to the country, but they have increasingly placed our survival in the hands of foreign nations upon whom we are to depend for everything for our defense machine, whom we have to be able to trust.

And as we see, in the stories of long-time sales of strategic technology to the Russians, the trust is seemingly misplaced. If we send our weapons technology abroad—do the countries have adequate espionage laws? In the production plants, is every worker checked for security as is done in this country? How secure a situation are we placing our state-of-the-art technology?

And if secure, how much of that technology will be used to compete directly with our own producers in sales to other countries?

Currently, we are licensing the building of the F-16 to the Japanese—in a codevelopment venture. Defense News says that this venture "bring the Japanese as close as they can get to the choice they really preferred: the development and production of an indigenous aircraft."

That's right. Let's put the Japanese into the aircraft business.

Another story this week says that Mr. Kloske of the Pentagon—he who represents the interests of foreign manufacturers in DOD—is off to Europe to negotiate codevelopment and coproduction on an advanced F-16, the Agile Falcon, with Belgium, Norway, Denmark, and the Netherlands.

Absolutely wonderful! We have a balance-of-payments deficit that is strangling us. And yet, we are sending \$5 million offshore this year for the preliminary work—administrative and predevelopment—of this plane, authorized under the Nunn amendment for overseas research and development with our allies.

I think we should have a spending freeze. I think all of this spending abroad should be frozen until we get our own books in order, until we get our own budget in line.



It would not only save money. It would save American jobs and of equal importance, it would save American technology.

We are negotiating—right now—to license production of the Aegis missile to the Japanese. It is my understanding, that at first we were going to build the ships which are necessary to carry the missiles—we would have at least gotten those jobs for our shipyards and we would have had the sale to help offset our balance-of-payments deficits to the Japanese.

However, I am told, that the Department of State jumped in—when the Japanese said they wanted to build the ships, instead of buying them from us—and urged that the Japanese be allowed to build their own because their shipyards are in such bad shape. What about the condition of our shipbuilding industry? I'd like to take State Department officials to look at our sad industry.

And, evidently, State carried the day, since I have heard that the deal is moving right along. The Japanese will probably have to spend as much as \$200 million more—for each ship—to build them in their own shipyards than to buy them from us.

Why would they want to pay more? It is my opinion that it is in order to get the ship building know-how on high technology war ships. In the last 40 years, they have not had that capability.

It is very short sighted, I fear.

We are being told that increasingly the pie is getting smaller in the world and competition greater. The one area where we have continually excelled is in technology. Let's keep it that way! Let's keep it at home. Not only to be safer, but to guarantee that the second and third generation of that technology will give jobs to our children and their children.

I represent America—no other country—I wish some of our agency people would begin to question whom they represent.

□ 1800

The SPEAKER pro tempore (Mr. OLIN). Under a previous order of the House, the gentleman from Pennsylvania [Mr. GRAY] is recognized for 60 minutes.

[Mr. GRAY of Pennsylvania addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. WEISS] is recognized for 60 minutes.

[Mr. WEISS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

# REPORT ON LABOR DAY WEEK-END TRIP TO SECOND ANNUAL ASSEMBLY OF PARLIAMENTARIANS IN SANTIAGO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. MORRISON] is recognized for 60 minutes.

Mr. MORRISON of Connecticut. Mr. Speaker, I rise tonight to speak about a delegation trip that Congressman TED WEISS of New York and I took over the Labor Day weekend to participate in a meeting in Santiago that was a very important and impressive meeting and one I think that our colleagues and our constituents should know about.

We were invited as delegates to the second annual Assembly of Parliamentarians in support of a return to democracy in Chile. The first meeting occurred in May of 1986 and because of delays and uncertainties in planning of that meeting, no Members of the U.S. Congress had attended.

In fact, the only parliamentarians present had been from Latin America.

But with more advanced planning and a better notification of people from around the world, the second annual meeting convened in Santiago with parliamentarians from many countries around the world and in fact over 100 members of various parliamentary bodies, all freely and democratically elected, assembled in Santiago together with over 100 members, former members of the Chilean Congress, the Congress that had met continuously for well over 100 years at the time of the coup d'etat which brought General Pinochet to power in 1973.

Since 1973 the Chilean people have suffered under the yoke of a military dictatorship. And that military dictatorship has imposed on the people of Chile brutal violations of their human rights.

Now those violations of human rights have been greater and less at various times over the 14 years of the Pinochet dictatorship. But throughout that period there has been a gross violation of respected standards of human rights in Chile.

The purpose of the international assembly was to give a show of strength and solidarity to those in Chile who are fighting for a return of democratic government. And it was indeed a dramatic and moving experience to be a part of that event.

For several years here in the Congress, members of the Committee on Banking, Finance and Urban Affairs, in particular, have focused on United States policy with respect to Chile.

The Banking Committee has jurisdiction through its Subcommittee on International Development Institutions and Finance of the voting behavior of representatives of the United States in the multilateral development banks.

The multilateral development banks provide development lending to coun-

tries such as Chile. And Chile is eligible for and receives loans from both the World Bank and from the Inter-American Development Bank.

Under the Harkin amendment which was passed by the Congress and signed by the President in 1977, it is the law of the United States that our representatives to such banks are instructed to oppose, by voice and vote, the granting of loans by such development banks to countries which engage in gross violations of internationally recognized human rights.

During the Carter administration, it was the consistent policy of our representatives to vote against lending to Chile and, except for the area of loans directed to basic human needs which are exempted from the Harkin amendment, the Carter administration regularly and routinely opposed these loans on the ground that the Chilean Government was engaging in systematic violations of the human rights of the Chilean people.

During this period, this policy had relatively little effect on Chile. These were boom times for many developing countries. A lot of banks, commercial banks were happy to make loans, and large amounts of debt were run up by the Chilean Government from commercial banks and the opposition, both political and otherwise, to development lending from the multilateral international institutions did not significantly effect what went on in Chile. However, this period of ability to borrow easily from commercial banks ended in 1982 with the worldwide recession. And since that time, Chile as much as any other country has become dependent on lending from the World Bank and the Inter-American Development Bank to sustain its economy.

But another change occurred with the election of the Reagan administration, in addition to the change in the economic circumstances in Chile. And that change was that the Reagan administration ceased the previous opposition of the United States Government to World Bank and Inter-American Bank lending to Chile and the administration began to vote consistently in favor of such loans.

In 1986, we experienced some specific human rights violations that once again put before the American people and the American Congress the severity of the abuses of human rights by the Chilean Government.

A pair of young teenagers, one a resident of the United States and the other a Chilean, were severely burned in an attack by Chilean military officers.

The American resident was killed and his Chilean friend was severely burned, hospitalized for long periods of time and has been undergoing a difficult and painful recovery.

The fact that this kind of brutal attack could occur heightened the tension here in the United States to the



continuing abuses of the Chilean Government and led to a reexamination of United States voting policy with respect to development loans.

More recently in the fall of 1986, the United States did in fact oppose a major structural adjustment loan being considered in the World Bank. And although the loan was approved, the United States joined with 47 percent of the voting shares in the World Bank in either opposing or abstaining from the granting of the loan.

This was an important step in the right direction in U.S. policy and it had been urged on the administration by the development bank subcommittee of the Banking Committee in hearings and consultations prior to that vote.

In our travels to Chile for the assembly in September, we had hoped to accomplish two purposes. One is to review the continued importance of United States actions with respect to the granting of economic benefits to Chile. And second, to present before the Chilean people clear demonstration that we from the United States joined with other freely elected parliamentarians from around the world in urging a return to democracy promptly and by truly free and open elections in Chile.

Now it is important to note that Chile is not a country that has routinely lived under military rule. In fact, prior to the coup in 1973, Chile had enjoyed 168 years of virtually uninterrupted democratic rule.

With two relatively minor exceptions, that entire period of Chile's history had involved regular elections and regular democratic succession, both in the legislative and the executive branch. And Chile was held out before the world as a major example of success of democracy in Latin America. During that 168 years of democratic rule in Chile, there developed an extremely strong democratic tradition and strong and active democratic parties. Chile, in fact, had many parties and a very robust political debate underlying its democratic government.

□ 1815

All of that changed with the coup in 1973 which was accompanied with executions of political leaders and also the exile of many others who were not in fact executed, and a great pall was cast over both the tradition and the practice of democracy in Chile. But in fact the flame of democratic participation and the desire for democratic government, while injured and brutally attacked throughout the last 14 years, is still very much alive in Chile, and the life that it has was very much demonstrated by the participation of former Chilean congressmen in the sessions of the assembly which we attended.

The problem which is faced by those in the opposition in Chile is of constitutional proportions. In 1980 the Chil-

ean junta proposed and had adopted a constitution for Chile, but unfortunately this new constitution did not provide for true democratic elections nor the true return of democracy to that country. The constitution which was adopted is, in fact, a blueprint for the continued control of Chile by a single strong military leader or one whose actions can be severely circumscribed by the military. It has been clear for some time that the current military dictator, General Pinochet, is desirous of continuing in his position and using the procedures of the 1980 constitution to install himself for another term of 8 years when elections are scheduled in 1989.

The procedure of those elections, as set forth in the constitution, would permit the ruling junta of four military leaders to nominate a sole candidate to be voted upon by the Chilean people in a plebiscite, and the winner of that plebiscite, receiving a majority of yes votes, would then serve for an 8-year term.

These are not the kinds of elections that would provide for a return to democracy. Consequently, the focus of the meeting which was held and the focus of the discussions we had in Chile were on this question: How can we move this situation so that the well-formed and historic opposition parties in Chile would have a true, open opportunity to participate in free elections so that in 1989 or 1988, when the elections are convened, they can be truly democratic elections and the people of Chile will get to choose? That in fact is a goal that is well worth our pursuing with whatever leverage we can muster from the United States.

Mr. Speaker, I would like to welcome my colleague, the gentleman from New York [Mr. Weiss], and yield to him to expand upon my introduction and add to my report on our trip to Chile.

Mr. WEISS. Mr. Speaker, I thank my friend, the gentleman from Connecticut, for yielding to me at this time, and I want to commend him for having taken this special order so that we could discuss the situation in Chile.

As the gentleman has indicated, he and I participated in the Second International Assembly of International Parliamentarians in the early part of September, and the focus of that meeting, which again was a very impressive gathering of parliamentarians around the world, most especially from the European nations and the Latin American nations, was an effort to try to get international recognition and attention on the kind of dictatorial system that operates in Chile and the effort of the Chilean people to try to break loose from the yoke of Pinochet's dictatorship.

My friend had just commented on the nature of the electoral process that is about to take place under the guise or under the processes imbedded in the constitution which Pinochet

himself forced through in a referendum in 1980. It is an election right out of the pages of Joe Stalin's type of election. The only chance there is, according to that system, is to either vote for the candidate, who is expected to be either Pinochet himself or somebody else the military junta will designate as the candidate, or to vote no. Well, that, it seems to me, is how Joe Stalin practiced democracy and how he managed to get 99.99 percent of the vote every time, demonstrating what a marvelous democracy he headed.

It is an insane system, assuming that because of the unity of the Chilean people—and there is tremendous unity—the thing that was so impressive in the time we spent there, I think, was how just about every element of the political picture, the political scene in Chile, with all their many political parties, seems to be united in this effort to register people in the election and to participate in the election itself. So assuming that against all odds, given that kind of setup, the rigged election they have, they are able to get a no vote to get a majority, at that point then Pinochet or Pinochet's designee stays in office for another year until there is then a contested election. Well, given Pinochet's proclivities and the junta's proclivities, we can imagine what happens in that situation. As somebody said, it is the only electoral system where the loser stays in power.

So it seems to me that what the Chilean people, the political people and the nonpolitical people, are trying to do at this point is to even out the odds a bit. What they are trying to do is pressure the Government of Chile into allowing the constitution to be amended so there will be a contested election from the very beginning. At least that will allow some opportunity for an opposition candidate to the Pinochet candidate or to Pinochet himself to have a chance to be elected and then to take office should that candidate win.

The United States ought to be paying, it seems to me, a much greater role in demonstrating that we do not appreciate as friends of the U.S. Government's or governmental leaders which deny basic democratic rights and basic human rights to their own people. It is within that context that I think the gentleman from Connecticut and I have been attempting to have the general system of preferences apply in such a fashion that the Chilean Government's violation of human rights can in fact be utilized against that dictatorial government.

The law is quite clear. The State Department ought in fact to be following the lead of our own Department of Labor, which has found that the Government of Chile denies internationally respected and accepted rights of workers. But for whatever reason, up to this point the Reagan administra-



tion has not seen fit to cut off the general system of preferences for trade purposes or the OPIC provision, the Overseas Private Investment Corporation guarantees for loans and investments in Chile. It seems to me that in a very clear way the United States of America, which has indicated its support for democracy and human rights around the globe, ought not to allow the Government of Chile in the guise of Mr. Pinochet to in essence thumb his nose or its nose at us. I think the people of Chile are looking to us, and I should say in all fairness that there are indications in recent months that the Reagan administration is beginning to look askance at how Pinochet is conducting himself.

Mr. Speaker, our hope is that we can encourage the Reagan administration to really apply the law and to cut off whatever benefits accrue to the Chilean Government which should not accrue to them because they clearly have violated the laws of our country.

Mr. MORRISON of Connecticut. Mr. Speaker, I thank the gentleman from New York for his comments, and I would just engage him for a moment in a colloquy about the importance of understanding the nature of these economic sanctions, if they might be called that, that we think ought to be applied with respect to Chile.

There are those who would claim and there are those representatives of the Pinochet government who claim that actions of this sort by the United States to oppose development bank lending, to cut off GSP benefits, and to cut off OPIC guaranteed benefits in some way would reflect inappropriate intervention by the United States in the affairs of a sovereign state, that of Chile. It seems to me important to emphasize that these are not matters of intervention or nonintervention.

The Chilean economy and the Chilean Government have taken advantage of and have asked for these benefits above and beyond whatever arm's length bargaining between nations might occur in terms of trade, and have asked for preferences, for lower tariffs, for guarantees for investments, and for loans on a subsidized basis from international institutions. And such things ought not to be available to subsidize torture, denial of democratic rights, or denial of labor rights, and in fact this is not a question of intervention but a question of whether the American people and other free people of the world should continue to subsidize the dictatorial and brutal actions of the Pinochet government.

I think it is important that we understand that in light of that understanding rather than the way it is sometimes characterized by representatives and defenders of the Pinochet regime as some attempt to reach in inappropriately from the United States and interfere in the affairs of another nation.

Mr. WEISS. Mr. Speaker, the gentleman is absolutely right. And the im-

portant thing to note is that this is not sanctions legislation that is being aimed only at Chile. The Congress of the United States passed amendments in 1984 and 1985, signed into law by President Reagan himself, which would link general standards of preference and OPIC benefits to treatment of workers and their unions in beneficiary countries. Those labor rights are very, very clear, and the obligation of the administration is very clear.

Under section 502 of the Trade and Tariff Act of 1984, the U.S. Trade Representative must deny GSP benefits to the countries "not taking steps to afford internationally recognized worker rights to workers in the country." And under section 231(a) of the OPIC Amendments Act of 1985, OPIC coverage can only be granted to U.S. investments in countries "taking steps to adopt and implement laws to extend internationally recognized labor rights."

Again the labor rights are very clear. They are defined as the right of association, the right to organize and bargain collectively, a prohibition on the use of forced or compulsory labor, minimum age of employment for children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

It has been spelled out in great detail how many of these basic internationally recognized labor rights have in fact been violated by the Chilean Government. They go through the motions of pretending that in fact collective-bargaining rights exist, but they do not. So it seems to me that it is not a matter of our interfering in Chilean internal affairs; it is a matter of our living up to our own standards which we have applied under our statutes, not just to Chile but to all countries, and we expect that kind of behavior from any country to which we give these preferences.

Mr. MORRISON of Connecticut. Mr. Speaker, I thank the gentleman from New York. I think he has made that point even clearer than I had stated it by giving the specificity to these laws that are in existence for any country and that ought not to be ignored with respect to Chile.

I think that it is also important to note an important decision that faces the administration in approximately the next month when the World Bank will once again consider a major structural adjustment loan to Chile. I am pleased to note that the administration has scheduled consultations with the development bank's subcommittee in order to discuss what kind of recommendations will be made regarding the vote on that loan. We have had those consultations in the past, and I think we have been a part of the movement in the administration's approach. I think the administration has on occasion been ready to condemn the human rights abuses in Chile but to praise the economic program of the

Pinochet government. Yet I think it would be fair to say that in our discussions, when we were in Chile, with opposition leaders about the economic program, the widely held view is that while the economic program has met certain standards of success that the Government has set and while some, depicting the overall picture of the growth of the economy, may paint a moderately successful picture, within Chile itself, when we look at the distributional effects of who has been made wealthy and who has been impoverished by the economic policies that have been followed by the Pinochet regime, the fact is that the income distribution in the country has suffered drastically as the very wealthiest Chileans have become even more wealthy.

□ 1830

As the average middle-income Chileans have lost some ground, and the poorest 40 percent of the Chilean people have suffered drastic reductions in their standard of living, that not only do we have the problem of the abuse of labor rights and human rights that has been identified in the country's reports published by the State Department and the like, but an economic policy which has been all too often praised by the Treasury Department, an economic program that has imposed tremendous hardship on the vast majority of Chileans.

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

Mr. MORRISON of Connecticut. I yield to the gentleman from New York.

Mr. WEISS. Mr. Speaker, I thank the gentleman for yielding.

The gentleman is absolutely right. We, in the course of the brief period of time that we were there, had occasion to meet with people at various cross-sections of Chilean society, academic, political and labor people; and without any question, there is great, great concern about the state of the economy and the state of the broad general populace in Chile.

There is a very tiny segment, it seems to me, of Chilean society that has benefited from Pinochet's government.

Obviously, the military have done quite well, and obviously a small sector of the upper business community has done well; but for the most part, every other sector of Chilean society has suffered economically under the Pinochet rule.

It seems to me that it is nothing that we ought to be holding up as a model or as the standard, and ought not to be approving it, human rights aside.

On the basis of human economics, the system has not worked well for the people of Chile.

Mr. MORRISON of Connecticut. It is important to note that both the gentleman from New York and I were privileged to address the Assembly of



Parliamentarians in its formal sessions, and I was given the honor of participating on the Drafting Committee of the resolution which was adopted by the Assembly.

The message that came through to us loud and clear was that the opposition parties in Chile who are working day in and day out to register people to vote and to create the circumstances for a return of democracy very much reached out to Members of this Congress, and to parliamentarians from all over the world, seeking support in various ways from their own home bodies and home countries to speak with one voice that democrats from around the world were all seeking a return to democracy in Chile and stood ready to reach out a hand of friendship to a newly elected democratic government in Chile to come to assist that country in rebuilding its economic strength, and being able to deliver to the Chilean people the economic and political fruits of a return to democracy.

It seems to me that we would do well to heed that call for help, if we truly believe what we say about our concern for democracy.

Mr. WEISS. I want to commend the gentleman for his work in the drafting of that resolution and the adoption at the Second International Assembly for Democracy in Chile dated September 6, 1987.

Mr. Speaker, I ask unanimous consent that that declaration be entered into the RECORD in its entirety, together with some other materials, newspaper reports, as well as a copy of the statement that I was privileged to be permitted to make on September 4, 1987 to the International Assembly of Parliamentarians.

I submit a copy of the documents referred to as follows:

II INTERNATIONAL ASSEMBLY FOR DEMOCRACY IN CHILE "APAINDE" RESOLUTION OF FOREIGN DELEGATES

SANTIAGO DECLARATION, SEPTEMBER 6, 1987

The Parliamentarians from Europe and from all the American Continent attending to the II APAINDE address the Chilean people to establish that their opinions, verifications, and judgements do not affect the principles of self-determination of the people, and they also specify that the struggle for Democracy and the enforcement of human rights are a common patrimony of mankind and an imperative of the civilized community of the world that all free men are devoted to defend. For this reason they inform:

First: That this II APAINDE has been characterized by the great amount of participating delegations and by the quality of the working papers and speeches;

Second: That the Chilean Government has negatively intervened in the Parliamentarian Assembly arresting two of its participants and preventing another one from entering the Chilean territory;

Third: That quotas of freedom and political consciousness have been conquered from the Chilean people through the campaign for holding Free Elections;

Fourth: That, nevertheless, there are still systematic violations to human rights with the maintenance of the state of emergency,

the broadening of the competence of the militar jurisdiction, the control and censorship of mass media, arbitrary arrests and trials, torture, assassinations; and disappearances of citizens that have not been duly investigated; and the maintenance of the prohibition of entry to the country to many Chileans;

Fifth: That the improvement of some macroeconomic indexes has been possible thanks to the sacrifice of the less favoured groups while the benefits are concentrated in a small group that has the economic power thus causing situations of misery and indignity in broad strata of the population. This concentration, together with the formation of the highest external debt per capita in the world, will cause great difficulties for the future democratic government;

Sixth: That Democracy only exists with the holding of free elections submitted to guarantees that do not previously exclude any political force that accepts the democratic principles.

For all that, we, the Parliamentarians attending to this Assembly:

First: Declare our full and active support to the campaign for free elections, requesting the creation of interparliamentarian observer groups that guarantee a clean electoral process from its beginning until the counting of votes and proclamation of the results;

Second: We request a radical transformation of the legal and penal regulations to permit the effective recognition of fundamental rights and freedoms, the elimination of the present limitations to the freedom of press and opinion, and the opening of the mass media, specifically of TV, to the democratic political forces;

Third: We recommend the creation of follow-up and support groups for Democracy in Chile in our respective Parliaments that could establish among them coordination organisms divided in extensive geographical regions;

Fourth: We encourage the Parliamentarians from all democratic countries to create a bigger bilateral and multilateral economic cooperation that contributes to the development of Chile when the desires of the people of Chile can be expressed through a freely elected government and a government that guarantees the independence of the legal power and full respect to human rights.

SANTIAGO DE CHILE, September 6, 1987.

A CHILEAN HOMECOMING: RETURN TO EXILE  
(By Ariel Dorfman)

The plainclothes policeman at the airport in Santiago punches my name into his computer with all the semblance of crisp efficiency. I have no way of knowing he has just misspelled it. Who could doubt the bureaucratic virtues of that mousey, clean-shaven face—apart for a bank teller than for a member of Investigaciones, the notorious Chilean equivalent of the FBI. I try not to let the relief show when he stamps my passport and those of my two sons, Rodrigo (20 years old) and Joaquín (eight), and wishes us a good morning. This is my sixth trip back home since my exile was lifted in 1983, but in Chile you can never tell. . . .

At customs, a pleasant gentleman with sideburns and florid cheeks demands to know if we have been to any farms lately, sown any seeds, if we are carrying anything to eat. I grudgingly produce a steak sandwich. Joaquín has been to excited to eat for the last 21 hours, but just in case I've concocted this delicacy on the last segment of the flight from Buenos Aires. We banter about the food with the customs officer. This is one of the things that I have missed

during my long years in exile—the everyday talk with people who enjoy the same language, the humor, the silences, the infections. I joke that it's the best Argentine beef, it couldn't harm anybody. He jokes back: the kid eats it now. Or he doesn't eat at all. I look askance at Joaquín. In English he says: "No way. I wanna see my cousins." He can already catch a glimpse of them—the children I never saw born—jumping up and down some 50 yards away. After some more chitchat, the insubstantial, irrelevant, glorious give and take that confirms we are back home, the sandwich is solemnly handed over.

I should have kept it.

As if this were a drop for drugs in some B-Thriller, out of the corner of my vision comes swimming the same agent who stamped our passports some seven or eight minutes ago.

Would I do him the favor of accompanying him please?

It is enough to see the respectful but grim determination on his face, the three or four suave agents who flank him, the presence of passengers who are witnessing my arrest, to understand that I am not going to be jailed or beaten up or disappeared, but merely deported; a mild sanction, when you come to think of it, in a country of terror such as Chile.

Still, it was a measure I had been secretly fearing during the four years that I have been traveling to Chile in the hope of eventually settling down there—a process which had been slowed down by the fact that, each time I went back to the States, I felt the need to vocally protest General Pinochet's ravaging of my country. Like so many actions taken by dissident Chileans, it was a high-risk gamble. You hope your adversary, in order not to erode his public image and not to isolate himself even further inside and outside Chile, will calculate that he has more to lose than to gain by harming you. As the history of my land indicates, this can be a dangerous game.

My bet so far had paid off. Except that after my last seven month stay in Chile in 1986, I might have overstepped the limits by engaging in a relentless, almost obsessive campaign abroad against Pinochet, particularly denouncing the case of Rodrigo Rojas, an adolescent friend who, two days before I had left for the States, had been burned alive by a military patrol on the day of a successful general strike. Although publicly pounding away at Pinochet had led me to feel a certain giddy invulnerability, a series of vicious verbal attacks in Chile and from right-wingers in the States, had also made me wary. We had prudently postponed our new homecoming, making quiet inquiries in Santiago. A boyhood acquaintance of mine was an adviser in the Ministry of the Interior—which in Chile, by the way, manages the secret police rather than state parks. Through a common friend, he had adamantly let me know that the government had no plans to punish me for my opinions. "They won't touch you," was the unanimous echoing chorus of all my Chilean friends to my worried phone consultations. Everyone reassured me that nothing would happen: "They can't be that stupid."

What I am being taught, therefore, at this airport in Santiago, is ultimately a lesson that I should have known by now and have chosen to ignore at my peril: never underestimate the stupidity of a military government.

And yet, as they take me into custody, I am strangely calm, as if some double of mine had already lived this scene and I were watching him from some safe zone inside my body. Absurdly, I think of retrieving



Joaquin's sandwich, which, if we are not to be admitted into the country, we have the right to keep after all. If it weren't for the damn sandwich, I could have made it outside, hugged the family and friends who have come to the airport to greet us—perhaps even reached the house we rashly bought and furnished last year as if to delude ourselves that we were really coming back forever.

My thoughts about the sandwich and my home may be a way of defending myself against the shock I am beginning to feel. I still find it hard to believe the government's decision. It could not have come at a worse moment. The U.S. State Department has been pressuring the Chileans for months to deport General Manuel Contreras and Colonel Pedro Espinosa, indicted in Washington, D.C., in 1978 for the car-bomb murder of Orlando Letelier and Ronni Moffett. The Chilean government has refused, saying they are no longer applying the very exclusionary law they have just used against me: the already tense relations with the U.S. will not get any better. Moreover, the only advance Pinochet can show in his human rights record over the last years—torture, political executions, arbitrary arrests, all are on the rise—is a gradual diminishment of exiles: those officially banished are now somewhere near 500, down from many thousands in 1983. This would be the first time in four years that someone who has already been allowed to return from exile has been thrown out of the country again.

The head of the Investigaciones unit at the airport is himself puzzled by my presence. Was I not told that there was a decree, dated from last year, forbidding my reentry into Chile? I insist that I have not been informed, that there must be some mistake, that I renewed my passport in the Chilean consulate in Washington just a few months ago without anyone informing me of any change in my situation. Would he please check with the authorities? He promises to ask if the secret decree against me is still valid and hopes, he adds, that everything will be satisfactorily resolved.

There is, in his manner and that of the other agents, a definite embarrassment. It is this reluctance, as if they were unclear about the role they should be playing, which makes the next eight hours—I am to be deported on the same plane on which I arrived, to the consternation of the stewardesses who bade us farewell just this morning—extremely bizarre. I am, of course, under arrest. But Rodrigo can enter the country. I ask permission to transfer the plethora of gifts I am carrying to Rodrigo's bags. As we burrow among clothes, toys, and packages, the police office is thrown into disarray. Rodrigo goes off with his luggage to inform the waiting family and then is allowed back to see me, his hands running over with papers and magazines. This carefree crossing over, this outlandish to and fro, will continue for the rest of the day: he comes to visit me, as if I were in an open prison, at least five more times before I am expelled.

It is Sunday, the worst day to organize any solidarity with my case: the courts are closed, none of the people with any influence in Chile or abroad are at their offices, the minister of the Interior himself is unavailable, and yet Rodrigo brings news that gives me hope. The radio has broken the story, the Catholic Church is on the move, the U.S. Embassy is exerting pressure, even government supporters are indignant, a friend of a friend has spoken to some high official and he has suggested that a solution may be on its way.

Through all of this, I am particularly worried about Joaquin. He is an extremely

sensitive child, born in exile, and this is his first real initiation into life under a dictatorship. Joaquin is in shock, unable to understand that his long dreamed-of visit is over before it has even begun. The Investigaciones people agree to let him fleetingly meet his still-waiting cousins, and when he comes back, he is permitted to leave one more time to play. As for me, they bring me coffee, try to cheer me up by allowing me to catch a glimpse of the Andes for a few minutes, fill me in on life-as-a-detective for a novel I am planning. As the hour of my expulsion draws close, Rodrigo pulls, under their benevolent eye, one last surprise: into the two-by-four room where I am confined and whose only furnishings are a bedraggled pair of chairs and an ancient typewriter under lock and key so nobody can write on it without permission from the proper authorities, he leads a flock of nieces and nephews to see me, to say a protracted hello, to say a hurried goodbye. The little ones leave, the sun begins to set, Joaquin starts a chess game with one of the plainclothesmen. It is interrupted by the news that it is time to depart.

It is only later that I realize that I have spent a whole day with the very men who haunt my fiction, invade my dreams, and dominate my reality, and that I am no nearer now than before to solving the mystery of who they are and why they repress. How to explain the excessive courtesy of people who, after all, have witnessed and probably perpetrated who knows what suffering on countless innocent people? Traditional Chilean hospitality? The awe that many lower-middle-class Chileans have always felt for those who seem important or well connected? Would they have been as deferential with a worker, with a peasant? Or were they trying to communicate to me, as hushed conversations with a few of them seemed to indicate, that their disaffection with Pinochet was more profound, that they were absolutely fed up with the role they were being asked to play? Or is the whole episode just one more example of the schizophrenia that accompanies the institutionalization of a dictatorship in a country which used to be democratic and where you will once in a while find, in the midst of the most violent and brutal confrontations, islands of well-mannered, formal, and polite relationships?

Idle speculations, I suppose. Because what matters ultimately is that these men have, as always, done their job. Thousands of returned exiles are at this very moment wondering how long they'll be allowed to stay. Anybody who goes abroad will think three times before declaring, for instance, that the U.S. should oppose further multilateral loans to Chile.

The plane heads down the runway and I await with some despair the moment when I will, once again, no longer be in physical contact with Chilean territory. Suddenly, the tension, not only of the day, but of the many years fighting the demons of distance and death, catches up with me. I feel weary, deeply sick, as if my bones wanted to vomit; repression seems to work in dizzy, circular ways, always repeating itself until you are almost ready to scream enough, enough. I give up. More than 13 years ago, on my first banishment from Chile, I took this exact route, made this same trip, sped down this identical runway. Then I was able to comfort myself with the lie that I would be back soon. Ten years passed before I saw the mountains again. How long would it be this time?

I could not anticipate, knowing Pinochet's stubbornness, his need to show himself as uncompromising in his fight against subversion and dissidence, that, as the result of in-

cessant international pressure, coupled with an unprecedented wave of solidarity coming from all social and political sectors in Chile, I would return less than two weeks later. The same plainclothesman who had been playing chess with my son when we were ejected on August 2 will give us a VIP treatment upon our descent from the plane this time, whisking us through all the procedures. Joaquin will greet him with naive familiarity: "Hey, when are we going to finish our game?" The same customs officer is also there. "Sorry about the sandwich, sir," he calls as we pass unmolested. "I swear I didn't eat it."

We are definitely in the insane place we call home.

And this is the first time in the 14 years since Pinochet took power that I am able to give a relatively happy ending, at least for now, to any of the stories of sorrow and struggle I have been driven to tell.

There is no ending in sight, however, happy or of any other sort, for Chile itself.

Although my intended two week visit had been reduced to a brief five days, I was in Chile long enough to realize that the mood of the country is despondent, if not despairing. Since an economic crisis had weakened the government in 1982 and drained most of its middle-class support, the opposition's strategy had been to mobilize a grass-roots coalition that, engaging in demonstrations and civil disobedience, would make the country so ungovernable that the military would be forced to negotiate a transition to democracy. Those plans have been, for the most part, shelved. Nobody I spoke to on this occasion believes Pinochet can be overthrown in the near future. What looms unavoidably on the horizon is an upcoming plebiscite, to be held before 1989, in which the citizens will be allowed to say yes or no to the candidate that the armed forces will name—in all likelihood, the General himself, who, if confirmed, would then serve out another eight years as president. Even if he loses he will retain his command over the army and veto power over any other government elected.

The prospects are therefore dismal. It is unthinkable that Pinochet could lose a referendum in which his government registers the voters, prepares the ballots, counts them, investigates irregularities, judges appeals against its own decisions. When I went to register to vote, for instance, I discovered several well-fed, soldierlike young men ahead of me in line. I knew the armed forces had already been registering their men in the barracks. How could I tell they were being registered now, as rumors have it, for a second, for a third time? Is anybody going to allow me into the barracks to review their names? In a country where terror and intimidation have continued unabated for the last 14 years? In a country where an old worker tells me that he is not sure if someone will not photograph him when he is voting, where a slum dweller informs me that she will get the roof to her hut only after Pinochet is elected?

But fraud is not the only trick up the General's sleeve. There is a worse scenario: he could win the election simply by default. If he can register the 19 percent of the country that supports him, according to his own opinion polls, and dissuade the rest from voting, he will not need to cheat. This is not as implausible as it sounds. In order to vote, one must first procure a new identity card, a relatively expensive endeavor for the 60 percent of the population who are living in extreme poverty. Many poor people with whom I spoke told me they had neither the money nor the time to waste. "I can feed my children for six days on what it



takes to get that card," a woman on the minimum employment plan (\$25 a month for weeding public gardens) whispered to me. "And all for what?"

The divided, fragmented opposition groups do not seem to have a clear answer to her question. They are even now bickering among themselves as to how they should confront the plebiscite. The bulk of the opposition, in the center and the left, have called for massive voter registration, in the hope that if a large number of citizens are on the rolls, the army will realize that Pinochet cannot possibly be elected and will withdraw his candidacy and agree to free, pluralistic elections. But the Communist Party has denounced such efforts as legitimizing structures that are immoral and unfair and over which people have no real control. This is not the only matter splitting the anti-Pinochet forces. Should the parties set up legal organizations adhering to a law which they themselves regard as antidemocratic? The Christian-Democrats, Chile's largest party, which recently tilted rightward at its national convention, have decided to legalize their party officially, arguing this is the only way they can exercise some control over the plebiscite. The diverse socialist groups reject this tactic, saying that this is playing into Pinochet's hands. The only hopeful sign of unity is among the youth organizations: 11 of them issued a unique ultimatum to their elders, telling them that if they did not start working together, the new generation was going to take matters into its own hand.

Behind these discussions, there is a major question that invariably crops up at the moment when any dictatorship is seeking to establish more permanent structures of repression: what limits should be placed on one's participation in a legal system which one rejects? Is it better to abstain? Or is it better to uncomfortably sabotage the system from within?

And yet, I would give the wrong impression if I suggested that these debates were raging feverishly all over the country. To the contrary, I found most of the people absorbed in their own precarious survival, extracting whatever morsel of satisfaction they could from the privacy of their hidden lives, tending to mistrust the idea that things will ever change. Even many friends who agreed that it was necessary to register to vote so Pinochet would be forced to commit fraud and could at least be denied legitimacy in his next term admitted that they had not yet done so. "Will it really make a difference?" people kept asking themselves.

I found a similar weariness in the streets. One day I stopped, in the center of town, to watch something which was not new to me: an eight-year-old girl surrounded by 30 to 40 spectators. She dipped a rag in paraffin, lit it with a match, put out the fire by swallowing the rag, repeated the operation until a man in the crowd signaled her to cease—a few pesos had been deposited in a hat on the ground. The group dispersed as if nothing had happened, as if what they had just witnessed were normal. Perhaps they knew that the girl was at least going to eat that day—others her age are less fortunate.

It was that profound apathy I found most disturbing on this trip. For years, the anti-Pinochet forces have been fighting to get a newspaper published. Since March of this year, two opposition dailies have been coming out, and I had expected them both, in a land where an overwhelming majority of the people abhor the government, to be doing splendidly. Not at all. I visited one of them. The dictatorship is trying to strangle it financially and has hit it with a lawsuit for having published an ad signed and paid

for by a group of prominent Communists. "If they fine us \$40,000, as well they may," one of the editors told me, "we may have to close." But what really worried him was that the paper was not selling enough copies.

"People frankly don't think that more information will change their lives," a psychologist friend said to me the night I arrived. "It's easier to close your eyes and not believe anything."

Two days before we had returned to Chile, four urban guerrillas escaped from a penitentiary in Valparaíso. I thought that this sort of exploit would be greeted by most people, whether they agreed with the revolutionaries or not, as a cause for glee; confessions had been extracted from these men by the most unspeakable torture and, besides, the government was looking extremely foolish and inefficient. But the automatic reaction I encountered most of the time I was there was of utter suspicion. People did not assume that the evasion had even taken place: here was one more deception being staged by the military to get rid of their enemies. One of my friends, a Catholic priest, reminded me that Chile has turned into a country where you cannot even believe the clouds in the sky. Back in 1984, he told me, the church had investigated the supposedly miraculous appearance in front of a child by a Heavenly Virgin—who, by a not so strange coincidence, had bitterly condemned the opposition protests. The committee discovered that "someone" (in other words, the secret police) had been spraying the clouds to provoke illusions and mirages.

Is it possible that people have begun to grow used to Pinochet, that they have started to accept his shadow as an implacable part of the scenery? An incident which occurred after a press conference organized in a bookstore by the editor of my novel *Widows* may illustrate the point. I was asked by several customers to autograph copies of my book which, thanks to the publicity generated by my expulsion and readmission, had practically sold out its first printing. In one case, a nondescript man with a prim collar and gray necktie wanted to know if I would do him the favor of signing just above my printed name in the prologue, almost as if I were filling in a form in triplicate. After he had left, my editor, noting I was puzzled by this rather atypical reader, volunteered the information that the man was a member of the secret police, a regular at news conferences. "There goes the soul of a true bureaucrat," he said, smiling. "He asked for your autograph to prove to his superiors that he had really been here. At least we got the government to pay for one more copy." More chilling than the presence of the man was the off-hand, casual way in which my editor spoke of him. Repression has become so pervasive, it has persisted for so long, that I wonder if Chileans have forgotten what it means to live without it. Fear is part of the grinding, weary routine—no longer an everyday scandal.

It is as if too many people had given up the most important task of all—to dream a world without Pinochet.

Is it any wonder that many youngsters in Chile, feeling they have no real future to look forward to, have turned to violence as the only way out? My son Joaquín suffered a quick, benign detention, and he is still showing the effects of it, and may do so for years to come. While I was in Santiago, a two-year-old boy, Claudio Merino, was arrested along with his mother and grandmother, who were protesting a disappearance in the family. He was then separated from them, taken to a different precinct, and only released 14 hours later, crying with

hunger, his diapers unchanged, after having been fingerprinted. Joaquín told me, after his experience, that he felt "like a tangled wire" and wondered if his mother had been killed. What has Claudio been thinking about? Or what went on, all these years, in the mind of Juan Henríquez Araya, who, at the age of 17, back in 1976, saw his Communist grandfather, the second most important union official in Chile, strung up and tortured in front of his eyes for several days? What went on in his mind for a decade as he searched for some trace of his still-missing grandfather, whose arrest the government continues to deny? What is known is that Juan Henríquez Araya ended up working with the Frente Patriótico Manuel Rodríguez, a guerrilla organization with links to the Chilean Communist Party—and was executed in cold blood last June 15 after having been wounded in a shoot-out with the secret police. But what about his own small son? What is going on now in that boy's mind? And if these cases seem exceptional, what then of the kids in the shantytowns who are routinely picked up and given beatings, who have to watch their unemployed fathers, their prostituted sisters, their mothers cooking in the communal soup kitchen in order to survive?

Nor is this persecution limited to the poor. Pablo, the 19-year-old son of a close friend, told me how a specially trained police force had responded to his takeover, with 30 others, of a university building to protest the expulsion of another group of students: after a severe battering, they had been locked for three hours in a van into which an open tear gas canister had been hurled. They were sick for a week.

Every day that passes these youngsters get more explosive, angry, and confused. They may well turn out to be Pinochet's most enduring legacy to Chile, haunting the country years after the dictator has died or—if you are optimistic—been defeated.

And yet, there are some glimmers of hope. I can still remember the relish with which the editors of APSI magazines told me of a special edition which was going on the newsstands the day after I would leave—a fictitious diary of Pinochet's last days in office. The General would appear on the cover dressed up as Louis XIV, in honor of the 14 years he has held power. It is true that the next day 30,000 copies were seized by soldiers, that the journalists responsible, Marcelo Contreras and Sergio Marras, are both in jail for "insults to the commander in chief," but it is also true that there are many people in Chile who are still willing to risk their safety for the right to protest and, what is more important, laugh at the dictatorship. Glimmers. At the very hour I was ending my short visit, Manuel Bustos, Chile's major trade union leader, who has been in jail so often that the guards say they keep one of the beds always ready for him, was proclaiming to a multitude of workers in a public plaza that a general strike was being called for October 7. And the weekend after I left my country, the opposition organized a gigantic photographic session for thousands of slum dwellers, as a way of helping them to get their identity cards so they can register to vote.

Which will prevail, the general apathy or the sporadic enthusiasm?

I want to believe that General Pinochet has not corrupted the people of Chile so deeply that they are unable to recreate the community we once had as a nation. The day I was deported, Rodrigo's bags were carried to a waiting car by an impoverished porter. Although he makes less than \$100 a month, he obstinately refused to accept any payment.



This was his subtle, stubborn way of expressing solidarity, his sparse act of dissent. He had no other way of showing where he stood, what he felt about the repression he had been seeing, here at the airport, all these years.

I have no way of knowing what other acts of rebellion, large or small, that man is capable of. I do not even know if he will register to vote. Or if he will go into the streets to protest if the election is stolen.

I am sure, however, of one thing: that man's grandchildren deserve better than General Pinochet for the rest of their lives.

**WEISS STATEMENT TO THE INTERNATIONAL ASSEMBLY OF PARLIAMENTARIANS, SANTIAGO DE CHILE, SEPTEMBER 4, 1987**

It is a privilege for me to be here in Santiago to address the Opening Session of the Second International Parliamentary Assembly for Democracy in Chile. The mission of the Conference, to work for the restoration of democracy in Chile, is of intense interest throughout the world. As elected officials, we must remind the people of Chile—and all those citizens of the world who aspire to democracy—of our faith and belief in government by the people.

In this month of September, General Augusto Pinochet celebrates his fourteenth year of military rule. On September 11, in 1973, he foisted his regime onto a democratic society, and systematically dismantled the institutions that guaranteed the participation of its citizens. He dismissed Congress and outlawed political parties, he suspended elections and destroyed the electoral registers, and he wrote into the fundamental documents of his government the means to perpetuate his regime until 1997.

As supreme commander of the armed forces, he declared war on his own people. Only a year ago he warned: "Now the war is going to begin on our side and we are going to be tough on all those people involved in human rights and other things. They're going to be expelled from the country or locked up." In fact, during his reign, hundreds of thousands have been arrested in political cases, and many of them have been severely tortured during detention; scores of thousands have had their homes invaded by troops conducting house-to-house searches, and many have had their possessions destroyed in the process. Tens of thousands have spent years in forced exile for political reasons. And untold numbers have been shoved, kicked, bludgeoned, tear-gassed, or drenched by water cannons during street demonstrations or during aggressive patrols in city neighborhoods that are considered hostile to the regime.

When a government refuses to recognize—in fact, abuses—the rights of its citizens, respect for that government breaks down. And Chile faces this situation not only at home, but abroad.

The regime's disregard for human rights in Chile became, in other countries, disdain. According to the testimony of Major Armando Fernandez Larios, formerly of Chile's army secret police, two high-ranking officers of DINA ordered the murder of Orlando Letelier, a Chilean diplomat exiled after the 1973 coup. He was assassinated in 1976 in Washington, D.C. Despite this evidence, General Pinochet has refused to bring the implicated officials—General Contreras and Lieutenant Colonel Espinoza—to justice. And what about justice in the case of los quemados (the burned ones), Washington, DC resident Rodrigo Rojas and his companion Carmen Gloria Quintana both savagely torched and left untreated.

We here today—on Chile's traditional election day—add our voices to the country's

call for a return to democracy. Whereas other societies have never known the freedoms and responsibilities that accompany democratic government, the Chilean people lived well under this most advanced form of government, and so suffer more for the deprivation.

They deserve our solidarity and support for a nonviolent and speedy restoration of civilian government as opposed to a gradual transition supposedly supervised by the military. Unlike the military, parliamentarians know that the only cure for the disunity produced by the deprivation of democracy, is more democracy. More freedom is the only cure for the discomforts of freedoms newly acquired.

When a detainee first leaves his prison, it is difficult for him to bear the light of day. The remedy, however, is not to remand him to his cell, but to accustom his eyes to the rays of the sun.

The blaze of democracy may at first bewilder a nation half-blinded by the darkness of dictatorship. But let them gaze on. Let them adjust their eyes to what has been familiar.

The majority of the democratic opposition holds this view. It has called for and united around a campaign for free and competitive elections. The People of Chile are entitled to nothing less.

General Pinochet's concept of a "yes" or "no" vote on a single candidate is straight out of the theory of democracy practiced by Joseph Stalin. Can you imagine the justifiable outcry from around the world and especially in Latin America if Daniel Ortega suggested such a process as a return of democracy to Nicaragua? Such a proposal is totally hostile to the idea of free elections. The Campaign for Free Elections calls for Chile's potential eight million voters to register massively and, if free elections are not obtained, to vote against the Junta's most likely candidate—General Pinochet.

As parliamentarians and members of congresses from around the world, we have a particular responsibility to support a Chilean alternative to militarized politics. As active participants in the democratic process, we know that only in a democratic society is the government's respect for individual rights reciprocated by the citizenry's respect for the government of law. The majority of the opposition in Chile has rejected and has renounced terrorism. It is prepared to resist the regime democratically.

As Pinochet celebrates fourteen years of military rule, Chileans look back on the more than fifteen decades of democracy that precede it and toward the end of his dictatorship.

Movement toward democracy is inevitable. Simply by looking to Chile's neighbors in the region—Argentina, Brazil and Bolivia to name a few—one can see that military rule is a phenomenon whose days are numbered.

What type of transition will take place? Will there be a peaceful, orderly change to a government of elected representatives? Or will the junta resist the inevitable and force on the Chilean people a gradual transition that is just a substitute dictatorship?

The answer depends not only on what the armed forces do, nor only on the amount of unified pressure brought to bear by the democratic opposition. The international community has an important role to play. In the United States, we must hold the Reagan administration to Section 701 of the International Financial Institutions Act, which directs the United States executive directors of multilateral financial institutions to oppose loans to countries whose governments engage in gross violations of internationally recognized human rights. The Reagan Administration has yet to vote

against a single international loan to Chile, although it has abstained on occasion.

In Congress, some of my colleagues and I have sought to remedy our government's failure to support stronger policies aimed at persuading the Pinochet government to move towards democracy. For example, Senators Kennedy and Harkin, along with Representative Feighan and Representative Morrison, who is with us today, have introduced legislation to implement economic sanctions against the Chilean government unless it takes steps towards returning democracy to Chile.

Furthermore, during the Foreign Affairs Committee's consideration of the Foreign Assistance bill, I offered an amendment which seeks to pressure the Pinochet government to grant the Chilean people the labor rights they deserve. My amendment rules the Chilean Government ineligible for financial support from the Overseas Private Investment Corporation because of its failure to afford internationally recognized workers rights to its citizens. The Committee adopted this amendment, reflecting our commitment to promoting human rights in Chile, although final action in Congress is uncertain.

In addition to persuading and pressuring the Reagan Administration, Congress is extending its support of a return to democracy in Chile. We have passed a sense of Congress resolution supporting the National Accord, and there is currently underway a bipartisan appeal, sponsored by Senators Kennedy and Lugar, for a high level group of North Americans in support of the free elections campaign.

Of course it is the people of Chile who will play the most important role in this momentous struggle to regain democracy. The democratic opposition faces a great challenge and a great opportunity. Hopefully, it can put forward a candidate behind whom all the democratic forces can unite.

All parties stand to gain from a peaceful, legally guided transition. Through such a process, the Chilean people may once again control their own political future, and the military may return to its role as guardian, rather than enemy, of Chilean democracy. At that point, the many may take up the task of shaping a system of justice and order out of the chaos still wrought by the few.

And with them, we may next come together to commemorate and to reclaim the electoral traditions of September in Chile.

Mr. WEISS. It was a truly impressive opportunity for parliamentarians from around the world to come and participate and to be exhilarated by the people under the yoke of a dictator still struggling and striving to regain their freedom and independence.

I do not know what was expected of my participation in that conference, but I must tell the Members, I gained much more from it than I gave.

It is always inspiring to see a people struggling for its freedom; and when you have the kind of totalitarianism that the Pinochet government has been guilty of, holding these people hostage for over 14 years now, whatever we can do to help and assist the people of Chile to regain their freedom will do us as individuals and as a nation proud.

I want to express my appreciation to the gentleman from Connecticut for



the gentleman's role in arranging for our participation in that conference, and for the gentleman's continued involvement and concern in trying to help this Congress and the people of the United States understand why we ought to be doing everything within our power to help the people of Chile to remove the dictator Pinochet from their necks.

Mr. MORRISON of Connecticut. Mr. Speaker, I thank the gentleman, and I commend the gentleman on his observations and his participation here in this Congress and on our trip to Chile.

The gentleman was truly an eloquent spokesman on behalf of this Congress, and on behalf of the ideals of this country.

This year that lies ahead, the year between now and a year from now, is a period during which the Chilean people will be sorely tested in their attempts to achieve a return to democracy.

The words and actions which emanate from the United States will be a very important part of their ability to succeed. I would hope Members of this body will enlist in the cause of making clear our support for a true free, open, competitive election in this process, and there will be opportunities for Members to do so.

There is pending legislation of which I am a sponsor which provides for the clarity of withdrawal of economic assistance to Chile, and I would urge people to consider cosponsorship of that legislation to send a clear message about the need for a return to democracy in Chile.

There is also a resolution offered by the gentleman from Nebraska [Mr. BEREUTER], which has attracted a very broad bipartisan show of support in support of the return to democracy in Chile, and in support of democratic elections.

I would urge the Members to look at that resolution as well, and to cosign and show their support for the spirit and the words of that resolution with respect to the situation in Chile.

I think that much will rest on the ability of our administration to make clear during the coming months that future support for the economic affairs of the Chilean people rests on the prompt establishment of truly democratic institutions in that country, and respect for the human rights of the Chilean people.

After the gentleman from New York and I had left Chile, an event occurred that ought to be entered on the record that gives an indication of what it is like to live in Chile now, lest anyone think that the problems of abuses of rights have vanished.

We were both interviewed while in Chile by an American journalist who was spending a period of time in Chile, and who in fact resides in the district of the gentleman from New York [Mr. WEISS].

He interviewed us and filed a story back here in the United States regarding our trip and regarding the Assembly that we had attended.

Shortly after we had left Chile early one morning, the house in which he was staying was attacked by a large group of military men armed with automatic weapons who kicked down the door, who came in, and who held him at gunpoint for an extended period of time, first lying flat on his face on the floor, later virtually unclothed for a long period of time at gunpoint, and finally forced to sign a waiver of any rights or complaints against the violation of his property or his person; and ultimately they left.

One wonders what would have happened had he not been a U.S. citizen. One wonders why it was that the house in which he was staying was attacked, but his investigations, as later reported, indicate that such attacks were occurring in a number of homes, because a particular Chilean colonel had been taken captive by someone.

There was no evidence to connect this gentleman to any of that. He was a journalist pursuing the affairs of a journalist, and yet he was not an American and as a journalist exempt from the dragnet of brutal techniques by which the Chilean Government seeks to intimidate and to hold at bay the people of Chile.

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

Mr. MORRISON of Connecticut. I yield to the gentleman from New York.

Mr. WEISS. I thank the gentleman for citing the case of Daniel Weiss, who is not related to me, though I happen to know his parents quite well. They are friends of mine and Danny Weiss himself is a friend of mine.

He is a very intelligent young man, a professional in the field of journalism; and I would ask unanimous consent to enter his report which appeared in the Sunday Boston Globe of October 4, 1987 of the ordeal which the gentleman from Connecticut just outlined.

Mr. Speaker, I submit a copy of the newspaper article, as follows:

[From the Boston Globe, Oct. 4, 1987]

LETTER FROM CHILE: CONTRADICTION IN GOVERNMENT RAID, APOLOGY

(By Daniel Weiss)

SANTIAGO, CHILE.—On the morning of Sept. 18, 10 armed men broke into my house. They arrived in eight cars, clipped the lock on the front gate and rang the doorbell.

But they did not wait for an answer.

They kicked in the door, shattering the lock and frightening the maid who was approaching the door. Surrounded by men carrying submachine guns, rifles, and pistols, she told them an American journalist was sleeping on the first floor and that no one else was home.

Four men with guns rushed into my small, darkened room, tore the sheets from my bed and led me at gunpoint to the livingroom floor. They ordered me to lie there face down, hands over my head.

In a quiet voice, a man asked me my name, my profession and the whereabouts

of the owners of the house. Fortunately for her, the owner was away with her 7- and 14-year-old children.

As I lay on the floor I could see the men fan out through the house. They did not identify themselves or say why they were there.

Still in my underwear and T-shirt in the cool morning, I was finally moved to a chair. The commander said he had a search warrant but he did not produce it. I was too scared to ask for it.

At gunpoint, I was then led to my room, treated as if I were a dangerous person. They inspected my U.S. passport. I could see the maid as she showed the men around the two-story private house. We said nothing to each other.

Three of the raiders, dressed in civilian clothes were already going through my personal belongings. I had suspected they were from the government and were probably searching for a colonel who had been kidnapped by a revolutionary group opposed to the dictatorship of Gen. Augusto Pinochet.

They went through everything—my diary, letters, books, photographs, negatives, and clothes.

They unrolled an ace bandage, ripped open Kleenex packets and pored through my wallet and a stack of business cards.

They sneered at certain books, including a report on human rights abuses and a text on the transition to democracy in Chile. With each jab at a book, my fear increased. One man pointed to a picture I had taken and demanded to know the subject's identity. "I don't know, a student," I said.

Finally I asked my first question. "Can I call the United States Embassy?" "No," came the flat reply.

One man appeared to be carefully picking through a stack of written papers. He pulled out a few and took them from the room. I didn't know if he could read them, or if he just wanted to impress me.

Forty minutes had passed. I was taken to the dining room where the maid, white-faced, sat with the leader. "OK," he said in Spanish. "We are from the Investigation Police and as you know we have been looking for the colonel. Since we have found nothing, we will leave." These were unexpected but welcomed words.

He then showed me a copy of what he called a search warrant. Dated Sept. 1, the day the colonel was taken, it carried an official seal and law number. But my nerves kept me from reading it carefully. My main goal was to escape the raid alive and unharmed.

"But before we go we would like to sign this statement," he continued. His words were sobering, turning my fear to resentment. A statement? It acknowledged the raid by the police; it said we had been unharmed; it negated all claims against them. I read it aloud, as he ordered, eyeing the gun at his side. I signed the statement.

I asked the chief my second and last question. "Are you searching my house or every house in the neighborhood?"

"A few houses," he said, which I took to mean only my own.

Before leaving through the door they had broken through a full hour before, one man said that I wrote "bad things about Chile." But they apologized for the raid, and said they hoped it hadn't been a bother. They even wished me a happy 18th of September. The raid took place on the 177th anniversary of Chile's independence from Spain.

And I got off easy.

By most people's accounts, a raid like this on a foreign journalist is rare. It is not, however, extraordinary for citizens who have lived under military rule. If anything, it was



mild when compared to the harassment, detentions, beatings, shootings and disappearances that have characterized Pinochet's 14 years in power.

"Now you know what it's like to live in Chile!" said my Chilean friends, who offered both an apology and a mock congratulatory slap on the back.

Since the colonel's kidnapping, there have been hundreds of raids throughout Santiago, although most of them have been conducted with warrants by uniformed police or the military. But it appears that the raids are being used as an additional pretext to intimidate the press and harass the leftist opposition.

As part of one neighborhood raid, the house of an Associated Press correspondent was searched. Several days after the raid on my house, plainclothes police also visited another free-lance American journalist. He was not at home. Likewise, a Radio Chilean reporter was away when a group of unidentified men visited his home at night.

It is perhaps futile to wonder why they raided my house in such an aggressive and violent manner. It is, however, a clear example of the lawlessness and brutality of the Pinochet regime, a regime which the United States helped bring to power.

Armed men produce fear, and fear produces silence and suspicion. That has become true of the populace there and it is what the government hopes will become true of the press. Silent journalists cannot tell the truth.

Pinochet allowed two opposition dailies to open this past spring. But raids on journalists and the recent arrest of two senior magazine editors and the continued detention of an editor from a second magazine demonstrate the pervasive censorship of the Chilean press. Because there is no prior censorship and there are few established government rules, journalists in Chile are always at risk.

The raid on my house was rife with irony. The regime, like many dictatorships before it, has successfully "legalized" its lawlessness. After seizing power in 1973 by bombing the presidential palace and carrying out one of the bloodiest coups in Latin American history, the military junta rewrote the constitution to give itself broad legal powers. "I am not a dictator," Pinochet declared in August, pointing to the presence of his constitution as proof.

So while they broke into my house and ransacked my possessions, the raiders left under an air of officialdom. They had a warrant, they apologized for the disturbance, they repacked my suitcase.

And then there was "the statement." A man with a gun told me to sign it.

It is no secret that Pinochet does not like foreign journalists, for most of them write negative news. But in his efforts to suppress their reports, he cannot suppress the reality of their findings: Pinochet offers little other than negative news from this once proud democracy. This is the ultimate irony—raids like these only trigger more scathing reports.

And as I drove to the airport the next day—I had been scheduled to leave the day after the raid for unrelated reasons—I saw yet another Chilean contradiction.

As thousands of Chileans celebrated the nation's independence by flying kites and kissing in the parks, I saw also the detention of six unarmed men. Standing face to a wall in a poor part of town, their independence was celebrated at the point of a gun.

Mr. WEISS. Again the gentleman underscores the fact that in a dictatorship, nobody is secure. Danny Weiss' experience was a frightening one to

him, because he had no way of knowing whether in fact he would survive that ordeal or not.

The people of Chile, especially those engaged in any kind of activity which the Pinochet government has reason to be unhappy with, whether it be in the field of religion or in the field of labor or in the field of journalism, the field of human rights, politics, all of those people live constantly not knowing when in fact the heavy hand of the dictatorship will fall upon them.

One of the items that I have asked to be put into the RECORD is the story of Ariel Dorfman, who had been exiled for years, and finally his exile had been lifted.

He went back; and as he landed with his children, he was suddenly told that he was back on the exile list, and he was again forced to leave Chile.

It just seems to me that the Pinochet government is a dictatorship in every sense of the word, and that we ought to be doing all within our power not only to make that known, but to cut off any benefits which that government receives from us, any economic benefits that it receives from us.

Mr. MORRISON of Connecticut. As the gentleman will recall, one of the individuals that we were scheduled to meet while we were in Chile who is an attorney representing the Vicariate of Solidarity, the Catholic Church and its human rights office, had left just prior to the time when we would have met with him.

He was arrested for the crime of telling the truth. We later met with him.

He was arrested for giving an interview and publishing a report in which the human rights abuses of the government were itemized and described.

It appears to be the case under the Chilean law that telling the truth is no defense.

Mr. WEISS. It is considered defamation.

Mr. MORRISON of Connecticut. The fact that he held the military up to what they described as disgrace, and indeed I think it is disgraceful that the military would engage in the kind of abuses of human rights that were reported there; but despite the fact that these statements were true, the mere fact that they damaged the image of the Chilean military caused him to be arrested, and more than that, not brought before a civilian tribunal, but brought before a military court where a majority of the members are members of the chain of command of the military, and therefore, are very much under the control of the military leadership, not in any sense an independent judiciary to judge the truth or the falsity of the charges.

Mr. WEISS. The gentleman speaks of Roberto Garretón, who is a prominent attorney in Santiago.

Part of his work is for the human rights organization to the Catholic Church, the Vicariate of Solidarity;

and again when someone such as he can be plucked and placed under detention, and although he was released after about 24 hours, the case is still open and pending against him, and it means that there is no security for anyone, no matter what their station in life, no matter what their involvement in the religious life of the nation.

If the dictatorship decides that it wants to crack down on anyone, it has the absolute power to do so.

Mr. MORRISON of Connecticut. I thank the gentleman, and I would just conclude by saying that I think our opportunity to travel together, the gentleman from New York and I, to represent this body and to represent the United States, and to represent ourselves in a gathering of democratically elected parliamentarians from around the world was a great learning experience for us, and was a great opportunity for us to gather with others in a clear statement of a commitment to democratic government and the respect for human rights and the reception that we received from the Chilean people and from the other parliamentarians from around the world certainly was a strong showing that the United States puts its best foot forward in every sense of the word when it carries forward into international bodies and international meetings our longstanding commitment for democracy and human rights.

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There can be no more positive way to promote what we believe in in this country than to live by those ideals, not just in words but in the actions we are called upon to take in this body.

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

Mr. MORRISON of Connecticut. I yield to the gentleman from New York.

Mr. WEISS. Mr. Speaker, I thank the gentleman for yielding.

The gentleman cited the case of Daniel Weiss and the ordeal he went through. I should like to say in that connection that I think one of the aspects of America that we can be proudest of is the role that young American journalists play in danger spots and difficult spots around the globe.

Here are people who really have only their professionalism to protect them and in many places, as Daniel Weiss' experience demonstrated, that is not always sufficient protection. Yet they undertake the risks because they are following their profession and they are living the ideals of Americanism.

I think that we have cause to be proud of them.

Mr. MORRISON of Connecticut. Mr. Speaker, I thank the gentleman for his remarks.

Mr. LAGOMARSINO. Mr. Speaker, I join today's special order on Chile to bring to the



attention of my colleagues the findings of my study mission to Chile last August. Attached is the section of the report on Codel Lagomarsino which deals with Chile. I urge my colleagues to consider carefully the statements and observations of the many Chilean officials, businessmen, and politicians with whom my delegation met. Their views merit serious appraisal when we consider what direction United States should take toward Chile.

#### MISSION FOR DEMOCRACY: CHILE, ARGENTINA, AND PANAMA

##### INTRODUCTION

A delegation of four Republican Members of Congress traveled to Chile, Argentina and Panama August 10-18. The delegation was led by Mr. Robert J. Lagomarsino of California, Ranking Republican Member of the House Subcommittee on Western Hemisphere Affairs. Also present were Mr. Jerry Lewis of California, Member of the Appropriations Committee, Mr. F. James Sensenbrenner, Member of the Judiciary Committee and Mr. George Wortley, Member of the Banking, Finance and Urban Affairs Committee. Mr. Lagomarsino is also President of the National Republican Institute for International Affairs. Both Mr. Lagomarsino and Mr. Lewis are elected officers of the House Republican Leadership.

The primary objective of the delegation was to carry a message to Chile that the transition to democracy must be accomplished so there could be no disputing the Chilean people had been able to freely express their will. The entirely Republican makeup of the delegation was purposely chosen so that President Pinochet could not question either the anti-Communist credentials of the delegation or believe that these Members were enemies of Chile in the Congress. At meetings with Chilean government officials, and specifically in the meeting with President Pinochet, Mr. Lagomarsino said, "We are not 'Teddy Kennedys', but neither are we Jesse Helmses" to convey clearly that the Members of the delegation were not enemies of the Government of Chile but neither were they friends who did not want to see the continued advance toward Democratic government in Chile. The importance attached to this mission by the House Democratic Leadership is attested to by its approval of the delegation's travel and authorization of transportation by military aircraft.

The delegation included stops in Argentina and Panama because of recent events in both those countries: military unrest against the democratic government of President Alfonsín in Argentina and civil unrest against the repressive military regime of General Noriega in Panama. As the U.S. military aircraft flying the delegation to South America required refueling in Panama in both directions, the delegation took advantage of overnight stays there to receive briefings by the U.S. Embassy and the U.S. Southern Command on political and economic conditions in Panama, as well as the USSOUTHCOM assessments of the military situation in Argentina and Chile and of the latest Central American peace initiative.

#### CHILE

##### Background

In the September 1970 presidential election, Dr. Salvador Allende, an avowed Marxist and member of the Chilean Socialist Party was named president of Chile after having won only 36% of the vote. A coalition of socialists, communists, radicals and dissident Christian Democrats enabled Allende to secure enough support in the Chilean legislature to be named the winner after

the indecisive presidential vote. Much of the military's and President Pinochet's present-day hostility to Chilean political parties is attributable to their belief that those parties betrayed the country in allowing Allende to come to power.

President Allende never enjoyed a majority in the Chilean legislature nor was he able to obtain broad support for his policies. Furthermore, he did not repudiate the extreme leftist groups that supported his government. When his policies produced severe shortages of consumer goods, food and manufactured items, massive demonstrations, general strikes and violence became the rule. Women beating on pots and Chileans throwing corn in front of the military (implying the military was chicken because it failed to act against Allende) became regular occurrences. These factors combined with the public censure of the Allende government by the Chilean Congress, judiciary and comptroller general for abuses and violations of the Constitution finally prompted the Chilean military to act.

The military coup that overthrew Allende on September 11, 1973, brought to power General Augusto Pinochet, the Commanding General of the Army, along with a ruling junta composed of commanders of the Navy, the Air Force, the Carabineros (comparable to the National Police) and a representative of the Army. The junta exercises legislative functions, but the primary authority rests with President Pinochet. There is a civilian judiciary that is supposed to be independent of the executive, but its authority has been limited in the past and sometimes subject to outside pressure.

President Pinochet is scheduled to remain in power until March 1989. According to the provisions of the 1980 Constitution, a plebiscite on a single presidential candidate nominated by the junta is to be held sometime before that date. Many have speculated that it will occur in September 1988. If the junta-nominated candidate receives a majority "yes" vote, then his eight-year term of office begins in March 1989. If he does not, then competitive presidential elections must be held within a year. President Pinochet would continue to rule as president until the new president were inaugurated following the competitive elections.

The government has approved an electoral registration law and a law governing the incorporation of political parties. The Communist Party and other Marxist parties are outlawed by the Constitution. Opposition political party leaders consider the laws to be restrictive and have been debating whether to organize under the law dealing with political parties. Opposition leaders charge also unnecessary obstacles serve to hold down the number of people registering to vote, thus slowing down the process considerably. During the course of the delegation's visit, it was learned that the regulations affecting the registration of voters was made more lenient.

Following the assassination attempt on President Pinochet in September 1986 by the Marxist-terrorist group FPMR (Manuel Rodriguez Patriotic Front), a state of siege was put into effect which lasted until January 1987. The FPMR was also the recipient of arms provided by the Cuban Government. A huge cache was discovered in August 1986. The cache included more than 3,000 M-16s and rocket launchers. Although the state of siege was lifted earlier in the year, extensive restrictions on civil liberties remain in effect. These restrictions and the persistence of human rights violations, such as torture, are the focus of great concern both inside and outside Chile.

Opposition to the military government is now focused on an effort to present a viable

political opposition and to find, if possible, a single candidate around whom the opposition can rally. Many in Chile feel that time is running out to prevent Pinochet's continuation in power, and they charge he is already running for President. Though some junta members have publicly expressed doubts about the wisdom of Pinochet running in the plebiscite, many believe that it will be extremely difficult to oppose Pinochet if he is determined to be the candidate.

Central to the opposition's current political effort is the newly-founded civic group called Campaign for Free Elections (CFE). CFE is trying to influence the junta to allow free, competitive elections for president rather than the Constitutionally-required plebiscite. CFE is headed by Sergio Molina, the former coordinator of the National Accord. The Accord, which is now moribund, brought together a coalition of 11 political parties and was negotiated under the auspices of the Chilean Catholic Church.

One of the continuing problems of Chilean politics is the fractious nature and the dominance of the cult of the personality in individual parties. Internal squabbles in many parties, particularly within the Christian Democratic Party, have slowed the momentum of the CFE. The left and right are also divided, although three parties of the right and center-right recently united to form the National Renovation Party. Although some junta members have held talks with opposition leaders, the government has not responded to calls to reinstitute a dialogue and has so far ignored the Pope's call for national reconciliation issued during his April visit to Chile.

#### Government of President Pinochet

The delegation met with President Pinochet for almost an hour and a half after being told the President would have only 30 minutes because of an urgent commitment following the meeting. The members of the delegation explained to President Pinochet that they all had voted against legislation in the House of Representatives that would have been viewed as critical of Chile but which the Members considered would have been counterproductive to the efforts to advance the cause of democracy in Chile. Mr. Lagomarsino cited as an example the resolution offered in the House on June 24, 1986, opposing the participation of the Chilean "tall ship" *Esmeralda* in the July 4th Liberty Weekend Celebration. Those opposing that resolution thought it made no sense to prevent Chilean seamen from participating in an event celebrating liberty and democracy, a message worth reinforcing for the Chilean Navy.

Congressman Lagomarsino also commented on the view that at the time the Chilean military overthrew the Government of President Allende on September 11, 1973, the Chilean people and many prominent Chileans in positions of authority and respect had been urging military to take action. When Congressman Lagomarsino had previously visited Chile in 1977, he had met with a broad range of Chileans who held important positions in both the private and public sectors who firmly believed had Allende remained Chile would have become a completely Communist state. With only one exception, the groups he spoke with had endorsed the military ouster of Allende. Now, it is less clear cut with the passage of 14 years. Not many of those supporting the military's action in 1973 anticipated the amount of time that would pass before a transition to democratic government.

Mr. Lewis complimented the Chileans on the dramatic economic recovery that Chile had accomplished in recent years, particu-



larly in comparison to other Latin nations suffering from tremendous external debt problems, massive inflation and slow economic growth. Congressman Lewis praised the government for its emphasis on promoting free market economy principles and emphasized that just as competition is necessary for a healthy economy, competition is also necessary for a healthy democracy. Mr. Sensenbrenner urged the government to provide for the broadest possible registration of all eligible voters in order to demonstrate that the result of the election or plebiscite represents the mandate of a majority of the Chilean people.

President Pinochet responded that he was confident there would be 5 1/2 million voters registered which would ensure the legitimate expression of the will of the Chilean people. He emphasized there would be no question of free elections in Chile; they would be fair, and observers would ensure their validity. He said, however, if the discussion of free elections was intended to mean competitive elections that was something quite different. The Constitution of 1980 passed by an overwhelming majority of the Chilean people provides for a plebiscite to determine the next president who takes office in March 1989. A competitive election is not possible unless the Constitution is amended. The Constitution does provide that if the candidate in the plebiscite loses, then competitive elections would be ordered within a year.

Congressman Wortley also commended the Chilean Government for its economic progress noting the Chileans are now self-sufficient in agricultural products, going from a net importer of foodstuffs to a net exporter. In 1972, Chile was importing food, while in 1987, Chileans are feeding themselves and exporting agricultural products worth \$1 billion. He also commended the Government for its initiative in establishing an Advisory Human Rights Commission and urged continued efforts in the human rights field. Mr. Lagomarsino emphasized that the U.S. Congress remains concerned about specific human rights cases such as those involving Rodrigo Rojas and Orlando Letelier and that these will continue to impact on relations between our two nations.

President Pinochet impressed the members of the delegation as a shrewd politician who believes he has a mission guided by divine intervention. He believes it was truly a miracle he escaped from the assassination attempt against his life in September 1986 and is an indication he still has a role to play in the government of his country. It is apparent to the members of the delegation, as it is to most Chileans, that President Pinochet is currently campaigning hard to become the candidate for the plebiscite to be held next year. The purpose of his campaigning now seems directly aimed at increasing his popularity in public opinion polls so that the military junta will see that Pinochet could win the plebiscite, an accomplishment many believe is unlikely if current opinion polls are correct. The delegation believes the military would be unlikely to name Pinochet as the candidate for the plebiscite if he were likely to lose because that would reflect badly on the military, something the military would not accept willingly. Reports circulating while we were in Chile, and more widely after we left, indicate an arrangement has been worked out when General Pinochet would resign as head of the Army just before being inaugurated as winner of the plebiscite, assuming he were to win the plebiscite. In that way, he would not lose the security of his position as Commander-in-Chief if he were to lose the plebiscite.

#### Meetings with Government officials

The delegation met with a broad range of Chilean Government officials to receive their views on the political and economic situation in Chile and to convey the same message to them as to President Pinochet about Congressional interest in the transition to democracy. Those with whom the members met included Member of the Junta General Fernando Matthei, Commander-in-Chief of the Air Force; Foreign Minister Ricardo Garcia; Mr. Orlando Poblete, Secretary General of the Government; Mr. Hernan Buchi, Minister of the Treasury; and Mr. Alberto Cardemil, Under Secretary of the Interior.

Congressman Lagomarsino explained that as practical politicians, the members of the delegation have learned certain things about foreign affairs. Often, constituents are more concerned about domestic policies than about foreign issues, and as a result, they may know little about what is happening overseas in specific countries. They also believe that Members of Congress shouldn't be interested in foreign affairs because they think it takes attention away from what's going on at home. If constituents do know what is going on overseas, their opinions are usually guided by how the national press or television is viewing the issue. That often means that unpopular countries for the media, for example South Africa and Chile, become unpopular countries for the public. In reality, Members of Congress are concerned about foreign policy issues because they directly affect domestic events, and the interests of this delegation in Chile is due to the importance of the future of Chile for the national security interests of the United States.

The delegation explained to those with whom it met that it believes that the worst thing that could happen to Chile would be for it to become a Communist state. One of the problems the Congressmen face is trying to convince their colleagues how important Chile is for the United States, and it would be easier to convince them of Chile's importance if Chile is moving toward democracy. The two greatest problems for those who are critical of Chile in the Congress are those of human rights and the continuing military government. If a military government were to continue in Chile for another eight years, Chile's critics in the Congress would undoubtedly exert every effort to increase pressure, like economic sanctions, and attempt to isolate Chile in every way possible. The delegation emphasized that it did not go to Chile to say how the government should be organized, but as friends the members would be less than candid not to be clear about the consequences of continued military rule in Chile for future U.S.-Chilean relations.

Of particular interest in these meetings were the discussions about arrangements to ensure that the plebiscite scheduled to take place next year would be carried out in such a way as to ensure the free expression of the will of the Chilean people. Some in the government expressed concern that a political vacuum continues to exist in Chile, that something was wrong with the system that permitted an avowed Marxist to be elected president with only 36% of the vote in 1970. The democratic parties left the stage and turned over the government to Allende and some say they still do not have the capacity to govern. The belief exists that political leaders have not been able to interpret what people want and put forward a leader that captures great public support.

The Chilean government officials with whom the delegation met assured the Congressmen that the plebiscite would be free

and they would ensure that there would be no fraud. The day the delegation arrived, the law governing registration of voters was changed to permit registration on Saturday and Sunday, a move viewed as helpful to increase the number of voters registered. The registration process requires Chilean citizens to acquire a new identity card, which is a time-consuming, costly process for low income Chileans. The registration process is less complicated, but with more than 5 million Chileans having new I.D. cards, only 1 1/2 million have registered. Government leaders told the members that with 7-8 million potential voters, only 2 million registered to vote would constitute obvious fraud, that is why at least 5-6 million would be registered before the plebiscite is held.

Mr. Sensenbrenner expressed his continuing concern about free and equal access to television by all political parties. He said that in condemning the role of Daniel Ortega in Nicaragua in restricting media access for the 1984 elections, he and others in the Congress could not accept restrictions on the media in Chile. As for the question of whether there should be a plebiscite or competitive elections, that issue was debated intensely before the adoption of the 1980 Constitution. While not the best choice, the plebiscite approach was the only alternative that everyone could agree on. There was some discussion among those with whom the delegation met that if polls indicate the result of the plebiscite would be an overwhelming "no" vote, then consideration might be given to having a Constitutional amendment offered by plebiscite that would provide for competitive elections.

Mr. Lewis noted with great interest the promotion of free market principles by the government. Chile is reportedly the only case where a strong authoritarian government has dismantled a state economy to promote free enterprise. The government instead of accumulating power has been dispersing it. The ratio of government owned enterprises to private ownership has reversed from a ratio of 75% state to 25% private in 1973 to 25% state and 75% private now. Furthermore, city councils have taken over responsibility for what used to be prerogatives of the national government: for example, health and education. Mr. Lagomarsino commented that the economic program of the Chilean government looks very much like the platform of the Republican Party, only the Chileans have been more successful than the Republicans.

Some government officials say that many of the opposition political parties are against the free market principles instituted by the government and wish to restore state control of many economic activities. The government says it is committed to giving people greater freedom, that there are now far greater choices through the opening of the economy than there were in the past. Private property is now respected.

Mr. Wortley expressed concern about the human rights situation in Chile. The delegation was told under General Stange, the National Police has been upgraded considerably in the past two years. There is an increased consciousness of respect for human rights. There is also increased publicity and attention given to human rights. As a result, it is difficult to know whether that means there are more violations now than before or simply a more open effort to confront human rights abuses. Unfortunately, government officials noted that not all those in control of military units share the same concern for human rights.



*Economic situation in Chile*

From 1970 to the present, Chile's trade balance suffered a tremendous decline due to falling prices for its exports and rising prices for its imports. In spite of those problems, the Government of Chile undertook dramatic changes in its economic policies adopting innovative free market strategies that have led to three-and-a-half years of impressive economic growth. Growth during the first quarter of 1987 was 7.6% following a 5.7% growth rate last year. The Government of Chile is trying to sustain a growth rate of 5 to 5.5% for this year and has moved to control the high growth rate of the first quarter to keep the economy on course.

With the government's effort to diversify its economy and reduce dependence on copper as the major source of foreign exchange, greater exports of agricultural and manufactured products have occurred. As the delegation was told, Chile is no longer a net food importer but is now exporting more than \$1 billion in agricultural products.

Although Chile faced severe hardships in the early 1980's trying to meet IMF guidelines for restructuring its external debt, Chile has been responsible in its debt management. Total external debt is approximately \$20 billion, which is roughly equivalent to Chile's GDP. The government recently signed an agreement restructuring more than \$10 billion in medium and long-term debt and about \$1.7 billion in short term debt. Chile has been active in debt-equity swaps, and according to Finance Minister Buchi, through this means and other programs, Chile has been able to reduce its overall foreign indebtedness by \$1.7 billion.

Chile's volume of bilateral trade with the United States in 1986 totalled more than \$1.7 billion. Chile presents a remarkable example for the rest of the world in that it allows almost free trade. The number of trading restrictions that Chile applies are far fewer than most other countries of the world. Chile exported \$934.8 million to the U.S., with a portion of that covered by GSP benefits. Chile's GSP benefits are currently under review on worker rights grounds. As Chile continues to reduce state ownership, opportunities to increase the already \$2 billion U.S. foreign investment will grow. One example cited is a U.S. firm's equity participation in one of Chile's privatized pension funds. The U.S. Overseas Private Investment Corporation has already reached in Chile its 10% self-imposed portfolio limit on OPIC coverage.

Unemployment in April 1987 was 9.1% with another 3.6% in government work programs. Chile has succeeded in reducing inflation from three digits annually to two digits, and although inflation is now less than 30% annually, it is still above the 13-15% target set for 1987. Real wages have been relatively stable over the past year. Between 1982 and 1987, real wages fell almost 20%, however, due to high inflation and unemployment.

As government officials told the delegation, the success of the economy relates directly to the promotion of free market and private enterprise principles. The members were told that the weakness and instability of Latin governments have been the result of the lack of emphasis on private enterprise. On the other hand, Chile has had a government that establishes deadlines to reduce its power and has taken action to comply with those deadlines.

The delegation met with representatives of U.S. banks in Chile and received their assessment of the economic situation. Mr. Wortley was particularly interested in the

debt-equity swap and heard that it was working so well in Chile that there is pressure, especially from more liberal political parties, to change the rules affecting debt-equity swaps and to limit those sectors where it can occur. The U.S. bankers advised the delegation that there was not discrimination in the banking laws against foreign banks compared to domestic banks.

A number of the conservative parties and civic groups with whom the delegation met emphasized their interest in seeing that the free market gains promoted by the government be preserved. They believe the majority in the center of the political spectrum have progressed because of the existence of the free market economy. The fundamental picture, they say, has been progress based on a free economy. The development of the "Civic Committee" is seen as a good indication of the growing interest in getting people involved in what democracy is. Mr. Lewis commented that it is important that the people who have a stake in the future, like the businessmen of the "Civic Committee," are taking the steps necessary to provide for the future of democracy and a free economy in Chile. The market place will make the difference if the government will let it. It will be important for the "Civic Committee" to try to play a role to influence the new Chilean Congress as well to play a constructive role rather than a destructive role.

Mr. Sensesbrenner added that many members of the U.S. Congress are more sympathetic to El Salvador because they have travelled there and because they have met in Washington with many Salvadoran officials and businessmen. Chile needs to have more exposure in the United States with more contacts between legislators and Chilean officials and businessmen.

The members of the "Civic Committee" emphasized their efforts are aimed at cooperating with the Chilean Armed Forces as well, not because of a desire to advance the interest of any one individual but because they want to see the free market economy advances continue. Unfortunately, in their view, only a few of the political parties support free market economy principles. They also believe one of the factors restraining the growth of the popularity of the Communist party in Chile has been the result of the great number of workers who now own stock in companies and who have savings accounts. They are concerned, however, about the apathy of voters, especially among the young. They also believe if the elections do not create credibility outside of Chile, the economic and political advances achieved will not survive.

*Opposition political parties*

Codel Lagomarsino met with representatives of a number of political parties as well as organizations representing political movements in Chile, including: the Democratic Alliance, the Committee for Free Elections, the Christian Democratic Party, the National Party and the National Renovation Party.

The Democratic Alliance is a grouping of center and center-left parties who are in opposition to the Pinochet Government. The Christian Democratic Party has dominated the Democratic Alliance, largely because of the weight of its numbers and its tradition in Chilean politics. Other parties represented in the Alliance include the Radical Party, Republican Party, Social Democratic Party, Liberal Party, and the Popular Socialist Union. Members of the Democratic Alliance told the delegation they want to correct the errors of previous democratic governments so that Chile will never again suffer the

problems it experienced which led to the coup in 1973.

Those represented in the Democratic Alliance said the current regime has the will to completely dominate the political scene. They are convinced the only way to change this is through the popular vote. They are engaged in the campaign to achieve "free elections" which will require a Constitutional change to allow for competitive elections rather than just a plebiscite. The reasons they give for supporting competitive elections are to give legitimacy to the government, to remove the Armed Forces from politics and to preclude the contradiction if a "no" vote should win the majority in the plebiscite of having President Pinochet remain in office an additional year, even though he had been rejected at the polls.

Beyond the issue of competitive elections versus a plebiscite, the Democratic Alliance insists there are four basic points to establish the elections are not tainted by fraud:

(1) a sufficient majority of the potential voters must be registered (6 million out of 8 million potential voters);

(2) no exceptions can be permitted which permits the State to manipulate the results of the elections;

(3) the people must be kept informed with opposition parties allowed free, equal and continuous access to the media, especially television;

(4) there must be independent control of the voting and counting process to guarantee the fairness of the elections.

Both with the opposition political parties and government officials, the delegation raised the question of the possibility of a consensus candidate for the plebiscite. Representatives of the Democratic Alliance said they could not accept a consensus candidate nominated by the Armed Forces because it would mean simply a continuation of the current regime. The democratic opposition might agree on a consensus candidate, but then the challenge would be to get the junta to agree. No matter what the outcome might be on a consensus candidate, there remains the necessity of reforming the Constitution because it gives the President so much power without sufficient checks and balances, the Democratic Alliance believes.

They also stated that the plebiscite would only serve to polarize further the country. It would prevent the option of a political solution and would increase the power of the extreme left which wants a violent solution. The opposition parties continually spoke of President Pinochet's objective to get rid of the Communists in Chile and that after 14 years they are as strong (if not stronger) as before and have even more followers. The opposition represented in the Democratic Alliance also complained of the impediments for advancing toward truly democratic institutions. They say the restrictions both on forming political parties and also on the registration of voters are designed to prevent a working democracy. They also claim the government has sophisticated ways of controlling every sector of society. Because of the high government employment and jobs based on patronage, anyone who appears to be supporting the political opposition is in danger of losing his job.

The opposition parties acknowledged that the role of the military will remain important in the future, not in the politics of Chile but in the defense of the nation. The opposition parties say they have no desire for revenge or persecution against the military and do not intend to pursue efforts to bring the military to justice as in Argentina.

In meeting with the Executive Committee of the Christian Democratic Party, the delegation heard again the objective of having



the plebiscite replaced with free, competitive elections. The Christian Democrats also believe the Constitution should be changed to make it easier to amend the Constitution and also the Congress should be made up entirely by elected representatives, not allowing one-third of the Senate to be appointed by the President.

They believe, as do others with whom the delegation met, that if six million voters are registered it will be very difficult for the government to manipulate the election results or to carry out fraud in the election. They also believe that with six million registered, President Pinochet would not receive a majority "yes" vote in the plebiscite. The Christian Democrats believe the regime would negotiate a replacement candidate instead of Pinochet if it appears he would lose. They intend to try to reach an agreement with the broad spectrum of Chilean political life on a political program and a single consensus candidate. If the candidate for the plebiscite, whoever he may be, does not receive a majority "yes" vote, then competitive elections would be held within a year. If a single candidate in the competitive elections did not receive a majority of the vote, there would then be a run-off election between the top two candidates.

Mr. Lagomarsino asked what the Christian Democratic Party would do if the government does what it says it will do, that is, registers six million voters, allows access to television, and perhaps has President Pinochet as the candidate for the plebiscite. Would the Christian Democrats and the other opposition parties try to pick a single individual who would be the person around whom the opposition would rally? The Christian Democrats responded they would have to decide whether to participate in the plebiscite or not, to decide whether there would be guarantees that the process would be free, without the influence of the military.

The delegation also met with the Committee for Free Elections, which was established in March 1987, under the leadership of Sergio Molina. The Committee is composed of 14 members, ranging from the democratic right to the democratic left. Its objectives are to seek an open, competitive election in place of the plebiscite and to increase civic awareness by promoting voter registration and civil rights. Another task of the Committee might turn out to be that of election observer and ensuring that the voting process, whether plebiscite or open election, is free and fair.

As had others, the Committee emphasized the importance of television for reaching the Chilean population. Eighty percent of the people get the news through television. Those controlling TV control the formulation of opinion. That is why, the Committee and others say, you never see opposition leaders on television. President Pinochet on the other hand programs his activities so he is constantly on TV inaugurating projects, meeting with dignitaries and participating in other highly visible activities.

The view of the Committee is that it will be very difficult for the opposition parties to agree on a single candidate, either as a figurehead opposition in a plebiscite or a consensus candidate for the plebiscite or as a principal candidate in competitive elections. In the latter case, President Pinochet would also be free to run and probably would have a much better chance of winning. As the delegation reminded those with whom it met, "you can't beat someone with no one."

The delegation also met with two conservative political parties, the National Party and the National Renovation Party (PARENA). The National Party is the tradi-

tional conservative party of Chile. It has been caught in a squeeze between moderate center parties and the more conservative PARENA. The National Party is a member of the Committee for Free Elections and represented conservative opinion in the broad-based National Accord when it was active.

The National Renovation Party was formed in early 1987 by uniting three other parties: the National Union, the Independent Democratic Union and the National Labor Front. The National Union, before merging with PARENA, was led by Andres Allamand, a thirty-year old dynamic politician identified by the National Republican Institute for International Affairs as a leading force for conservative principles of promoting a free market economy, free trade, private investment, democratic government and anti-Communism. The National Renovation Party is considered a democratic conservative party which has gained supporters from these conservatives who have objections to the government of President Pinochet. Within PARENA, however, there are deep splits over economic policy, the plebiscite and human rights.

#### Human rights

The U.S. Embassy in Santiago reports that some recent improvements in human rights have occurred in Chile, although the situation continues mixed. The list of exiles has been reduced from over 3500 to 513 since January. However, many prominent figures are included in those prevented from returning. The International Red Cross has been allowed access to prisoners after a short period and the secret police have closed their detention centers. In addition, the Investigation Police now allow the Government's Advisory Human Rights Commission to verify conditions of prisoners in its custody. All these moves have led to a lessening of human rights abuses, although credible reports of these continue to surface.

When the delegation met with the members of the Human Rights Commission, established in 1986 as an advisory group to the Ministry of Interior, the American Embassy Charge George Jones raised a concern about the Embassy being prevented access to prisoners in jail, not American prisoners but others who are being held reportedly for political crimes. The Human Rights Commission was shocked to hear this report and said it would look into it at once. It urged the delegation to raise the matter with other government officials during the course of our meetings. The delegation did pursue the question in its other meetings, and although it had not been resolved at the time of the delegation's departure, the matter has been followed up through correspondence. The delegation remains strongly concerned about this matter and will continue to pursue it.

The delegation also met with the Executive Secretary of the Vicariate of Solidarity, the human rights organization of the Catholic Church in Chile, and with the head of the Legal Division of the Vicariate. It was founded in 1976 under the Archdiocese of Santiago and serves as a clearing-house for church-sponsored social programs. It is best known for its work in the field of human rights. It has tried to remain apolitical, though its work has often brought it into conflict with the government.

The Vicariate tries to defend and promote human rights as expressed in the International Declaration of Human Rights of the United Nations. It tries to organize its priorities according to this. Its most important, and most controversial, program is the legal

program. It gives support to those who ask for help. It is not an activist group going out looking for cases. There is no discrimination. Everyone who asks receives the legal support of the Vicariate. The only exception is the Vicariate does not work with cases of common crimes. It does work with cases of political crimes, but it excludes those who are terrorists, who act intentionally against the life or rights of other people. The Vicariate has determined the most effective means for its efforts in support of human rights have been through its legal office and its public denunciation of human rights abuses.

The Vicariate reports a reduction this year in massive arrests, and also the number of individuals arrested has declined. Its reports on beatings and torture show an increase which differs from the Embassy's view. The Vicariate has reports of 53 incidents of torture during the first six months of this year compared to 23 during the last year. The Vicariate confirms other reports that General Stange, head of the Carabineros (National Police) has placed strong emphasis on professional conduct by the police but that he has not been totally successful yet.

The Judiciary, which is nominally independent, has failed to punish government officials for human rights abuses according to the Embassy. The most prominent recent example of this is the case involving Rodrigo Rojas and Carmen Gloria Quintana. The officer in charge of the patrol allegedly involved in the burning death of Rojas remains free on bond and has only been charged with negligence for not procuring medical assistance for Rojas and Quintana, who was also severely burned. The delegation raised both the case of Rojas and the case of Orlando Letelier with the government officials with whom they met.

#### U.S.-Chile relations

U.S. policy toward Chile is to support a transition to democracy. Restoration of democracy is the most effective means to pursue the many varied interests of the United States in Chile. That includes fostering greater respect for human rights, cooperation on regional security and international issues, curbing narcotics trafficking, and promoting trade and responsible economic policies.

The United States has encouraged dialogue between the Chilean government and the democratic opposition on a transition while avoiding actions that might increase existing tensions or encourage a nationalistic backlash. A move such as imposing economic sanctions would clearly be counterproductive to the goals the United States is trying to achieve in Chile. Relations between the United States and Chile are strained due both to our strong emphasis on the need for movement toward democracy and specific disagreements, such as that involving the Letelier case where the U.S. has sought to bring Chileans implicated in this matter to trial. Relations were further damaged by President Pinochet's irresponsible suggestion of CIA involvement in last September's assassination attempt. Although, President Pinochet did not make that charge during his meeting with the delegation.

Human rights violations in Chile are a matter of serious concern to the United States, which joined in a resolution on Chile adopted by consensus at the March 1987 UN Human Rights Commission meeting in Geneva. The U.S. objective in voting for this resolution was to encourage rational and balanced discussion of what could be done in Chile to end human rights viola-



tions, such as torture, instead of having an extreme, unbalanced resolution of the type the U.S. had been unable to support in the past. The U.S. has also shown its human rights concerns regarding Chile through its abstentions on non-basic human needs loans.

The United States provides some bilateral humanitarian food aid to Chile which is administered in part by religious groups such as Catholic Relief Services and provided disaster relief following the devastating earthquake of March 1985. A \$6 million private sector oriented Housing Investment Guarantee program, aimed at directly assisting Chile's poor, will begin this year. This program received thorough review from appropriate Congressional committees prior to its approval.

The United States remains interested in influencing the Chilean military toward the acceptance of the principles of professionalism and civilian control. The Chileans participate in UNITAS. Contact with the military, however, is limited due to current legislative restrictions. Arms sales, military training and security assistance were prohibited by Congress in 1976 and provision of these is now dependent on a Presidential certification that:

(1) the Government of Chile has made significant progress in complying with internationally recognized principles of human rights;

(2) the provision of military assistance, articles or services is in the national interest; and

(3) the Government of Chile is not aiding or abetting international terrorism and has taken appropriate legal steps to cooperate to bring to justice by all legal means available in the United States or Chile those indicted by a United States grand jury in connection with the murders of Orlando Letelier and Ronni Moffit.

There has been no Presidential certification. Congress did permit cash sales in 1985 of certain flight safety-related items to the Chilean Air Force and exchange visits to the United States by the Chilean Naval War College senior class were being planned at the time of the delegation's mission in Chile.

#### CODEL Lagomarsino press statement and press conference

Before departing Santiago, the delegation held a press conference at the U.S.-Chilean Binational Center. The following is the joint statement of the four members of the delegation and the transcript of the questions and their answers during the press conference.

#### CODEL LAGOMARSINO PRESS STATEMENT COMPETITION NECESSARY FOR HEALTHY ECONOMY AND HEALTHY DEMOCRACY

SANTIAGO, August 14.—We are four Republican Members of Congress who came to Chile as strong supporters of the Reagan Administration policy in Latin America and who have long been friends of Chile. We support strong, close ties between our two countries and believe our two nations share common goals and common values. We affirm our strong support for the policies of the Reagan Administration and how they are being implemented by Assistant Secretary of State Elliott Abrams, Ambassador Harry Barnes and his colleagues at the Embassy.

We came to learn first hand more about the political process that is reaching a crucial point in Chile's timetable for democracy and also to learn more about the impressive economic advances this country is making. We do not believe that in the short time we have been in your beautiful country that we

are experts on Chile. We do not presume to tell you how you should constitute your own government. We do believe that it is important for you to understand the concern the United States has about events in Chile. Our national security interests are vitally linked to the growth of viable, civilian, constitutional governments throughout the world. We believe that the best way to counter the very real Communist threat that exists in this hemisphere is to support and promote democratic government.

I am Robert J. Lagomarsino, of California and Ranking Republican Member of the Subcommittee on Western Hemisphere Affairs. I am also President of the National Republican Institute for International Affairs, an organization devoted to promoting and strengthening democratic institutions throughout the world. I am joined by Congressman Jerry Lewis, also from California, who is a member of the Foreign Operations Subcommittee of the House Appropriations Committee. Also here are Congressman James Sensenbrenner of Wisconsin, who is a member of the Judiciary Committee, and Congressman George Wortley of New York, who is a member of the Banking, Finance and Urban Affairs Committee. Congressman Lewis and I are elected members of the House Republican leadership. The voting record of the four of us in the Congress has been consistent in opposing the Communist threat in this hemisphere and elsewhere, especially in supporting President Reagan's policies in Central America, and in opposing legislation in the House of Representatives we believe would have damaged U.S. relations with Chile and that would have been counterproductive to U.S. interests in promoting a transition to democracy in Chile.

We wish to emphasize that we have come away from our meetings with Chileans, both government officials and private individuals, with a stronger appreciation for the impressive achievements that have been made, particularly in strengthening the operation of free market principles in the Chilean economy. Compared with the serious economic problems faced by other countries in this hemisphere, Chile has made remarkable progress in meeting its international debt obligations, reducing inflation, improving its trade balances, becoming self sufficient in food production, promoting free trade and reducing the role of state enterprises in the economy.

We recognize these positive advances in Chile. We believe it is important to convey the concerns that our government, both the Administration and the Congress, has about the political process and the movement toward democracy in this nation. We are hopeful about the future because we heard everyone talking about support for the democratic process and for a peaceful advance toward a freely elected government. We are pleased that there is increased political activity by a broad spectrum of political groups. There seems to be significant access to press and radio, but we discussed repeatedly the importance of greater opportunity for opposition political groups to appear on television. We urge equal, fair and continuous access to television. It also is important that there be the broadest possible registration of all eligible voters in order to demonstrate that the result of the election or plebiscite represents the mandate of a majority of the Chilean people.

It is important that Chileans understand the deep concern in the United States for the protection of human rights. We recognize that a double standard exists in judging the human rights records both of our friends and our adversaries. If it appears that the United States judges Chile by a higher standard, it is because the United

States has higher expectations of Chile due to its past democratic traditions. We welcomed the information we received that serious efforts to improve respect for human rights in Chile continue. Nevertheless the United States Congress is concerned about specific incidents such as the cases involving Rodrigo Rojas and Orlando Letelier. These will continue to impact on relations between our two nations. We raised these matters during our discussions with government officials.

We enthusiastically applaud Chile's commitment to promoting competition which is the vital ingredient of a free market economy. We believe political competition is just as vital for a healthy democracy. Attention has been given to legislative proposals in the United States that would apply economic sanctions to Chile. We are confident those sanctions will not occur during the Reagan Administration if the moves toward democracy occur in Chile as we have been told they would. We want to make it absolutely clear that the best way to avoid economic sanctions is to carry out the promised democratic measures. In that way there can be no doubt in the U.S. Congress that the Chilean people have been able to determine their own government.

We wish to reiterate that we did not come to Chile to tell you how to achieve a fully functioning democracy. We are anxious to see continued, steady progress toward a viable, civilian, constitutional government in Chile. As the aspirations of the Chilean people are realized, the recent impediments to the traditional, warm ties between Chile and the United States will be removed and the full range of cooperative relations will be resumed. We urge that all possible steps be taken to provide for the free expression of the will of the people as Chile approaches its date with destiny.

Mr. PEASE. Mr. Speaker, I want to salute my colleagues, BRUCE MORRISON and TED WEISS for convening this special order about conditions in Pinochet's Chile. Both of my colleagues have steadfastly advocated that our country take a stand against the continuing brutal repression in Chile and for a return to democratic government in that beleaguered nation.

My contribution to this debate will be to appeal to the Reagan administration anew to listen to its own counsel from within the Labor Department on whether to withdraw GSP benefits for Chile. Last November 4, Ron Dobson, the Labor Department official serving on the Interagency Committee that makes recommendations to the President on GSP eligibility, circulated to his peers a memorandum regarding labor rights violations in 11 different countries whose eligibility had already been challenged by groups of concerned Americans through extensive public testimony. In that memorandum, Mr. Dobson concluded that insufficient progress had been achieved by the Government of Chile to afford workers their basic rights. He recommended last year that the President withdraw GSP beneficiary status from Chile. Sadly, Mr. Dobson's advice, coming from within that department of our Government that ought to know the most about labor conditions in Chile, was not taken. As we now know, the President decided to duck, weave, and improvise so as to allow Chile to continue to receive GSP benefits through 1987 upon which time a fresh determination would be made about labor conditions in Chile and whether to continue GSP eligibility.



I ask that that portion of this Labor Department memorandum dated from November 4, 1986, be reprinted as part of these proceedings.

Certainly there should be no question about the proper course of action to now be taken. I call upon the Reagan administration to end GSP eligibility for Chile immediately because of the Pinochet's continuing brutal and systematic denial of basic rights to the working people of Chile.

DEPARTMENT OF LABOR,

Washington, DC

Memorandum for: Members of the GSP Subcommittee.

From: Labor member.

Subject: GSP Worker Rights.

The enclosed draft paper on these issues attempts to assess progress achieved on the eleven country cases which are a part of the General Review. This assessment is burdened by a lack of information on country practices. The draft will be revised to reflect new information as it becomes available.

4. Find that insufficient progress has been achieved by the Governments of Chile and Romania to afford workers in those countries the required rights and recommend that the President not apply the waiver under Section 502b, thereby removing GSP beneficiary status from those countries.

#### Chile

Assessment of problems and suggested steps for improvement moved at a slower pace in this case than for others presented in the paper. Some of the information concerning GOC labor practices was either inaccurate or unavailable. Interagency agreement on a suggested course of action did not emerge until July 1986 when consultations aimed at improving GOC practices were initiated. The GOC provided a written response to the Administration in September 1986 and consultations are still ongoing on a number of major points. Consultations are expected to conclude in early November. This presentation reflects progress achieved to date.

#### Problems

##### FREEDOM OF ASSOCIATION

1. Technically, it may be legally possible for all trade unions in Chile to form an overall confederation, crossing industrial and/or professional lines, and have that confederation include the existing federations and local unions. This process is so restrictive, however, to have so far prevented the legal establishment of any labor central.

2. Restrictions in effect on freedom of assembly and speech have severely limited the ability of trade union organizations to exercise political and civil liberties.

3. Chilean law provides for considerable oversight of trade unions by the government. Unions are required to submit their end-of-year balances to the Ministry of Interior, which can take legal action if there are discrepancies in the statement of how the union officers used member's dues during the year. Election of union officers must be certified by either the Labor Ministry or a notary public. These provisions have been used arbitrarily as a vehicle for political harassment, rather than as legitimate means for addressing improper uses of union funds or illegal union activities.

4. The government has, during declared states of national emergency and siege, interfered in trade union activities through the search of union offices, the seizure of union records, and arrest and internal banishment of trade union leaders. There have

also been substantiated reports of torture of individual union activists by security forces and allegations of government involvement in the murder of two prominent union leaders.

##### RIGHT TO ORGANIZE AND BARGAIN COLLECTIVELY

1. Collective Bargaining is only permitted by individual unions organized at the company level. Federations and confederations are prohibited from negotiating collective bargaining agreements on an industry-wide or sectoral basis, though they can and do provide expertise to affiliated unions to use in bargaining and can coordinate the bargaining of affiliated unions. This restriction harms the negotiating strength of unions and has a specially negative impact on workers in small economic units. Revisions affecting port workers (law 18,462) have hindered rather than helped trade unions activities.

2. Severe limitations on the right to strike impede the ability of workers to bargain collectively. For example, if a strike exceeds 59 days, all strikers are considered to have voluntarily resigned and forfeit any benefits.

3. Collective bargaining is prohibited in government agencies and in state-financed institutions that have over 50% of their budgets provided by the government.

4. Strikers are prohibited by law in all public utilities and the Chuquicamata copper mine ("strategic industries"). If the two sides in a dispute cannot agree on an arbitrator, the government has the right to appoint one.

#### Suggested Steps

1. Amendment of labor legislation to allow for establishment of national labor centrals and for easier formation of larger cross-sectoral confederations.

2. Elimination of the use of the oversight provisions of the Labor Plan, such as those providing for the auditing of union records or certification of union officials as a means to intimidate or harass trade union officials.

3. Permitting collective bargaining at a level beyond that of individual enterprises.

4. Elimination of the provisions relating to the automatic termination of employment contracts of striking workers at the end of 59 days.

5. Greater protections for collective bargaining in strategic industries denied the right to strike, such as giving unions participation in establishment of the list of arbitrators for settlement of labor disputes in these industries.

6. Allow public employees in non-sensitive government agencies to join union organizations of their choosing and to become affiliated to the federation, confederation or central of their choice.

#### Results

The Chilean Government responded to our concerns in letters and memoranda on September 12, 1986. They state the following:

The GOC has removed the requirement that the labor unions pay for audits of their financial records at government request. The unions are also no longer required to obtain advance government approval for their expenditures. Certification of union officials can be easily obtained. The Government has assured the USG (in a letter to Secretary Brock) that it will take, as it has in the past, all necessary steps to guarantee the normal development of labor organizations. It also does not condone harassment or seizure and any violation of this law will be prosecuted.

The GOC will submit legislation lowering quorum limits of unions to permit collective bargaining in small economic units.

The GOC proposes to submit legislation that eliminates the provisions relating to automatic termination of employment contracts of striking workers at the end of 59 days and replace this measure with a back to work order and a six month cooling off period.

The Pinochet government has reduced from 48 to 23 the list of public enterprises where strikes are not permitted. It is also claimed that selection of arbitrators is an independent process under Chilean law. The GOC permits collective bargaining in all enterprises in which the state has contributions or majority participation. Collective bargaining is not permitted in enterprises whose deficit budgets are more than 50 percent financed by the state.

#### Assessment

The USG is seeking clarification of statements presented by GOC and has suggested some areas that could be addressed for improvement. To date, improvements offered by the Government of Chile are modest, tentative, and designed to substantially preserve the status quo. Reduction in the list of enterprises which have been subject to mandatory arbitration is positive.

Replacement of the 59 day termination clause for striking employees with a cooling off period has the potential to be positive depending on clarification regarding remuneration which is available to workers and options for mediation in these cases. It essentially replaces one type of unnecessary state intervention in labor disputes with another and full details need to be provided. Allowing workers in small economic units to bargain collectively at a level above the enterprise is a modest improvement. Procedures in financial auditing and reporting requirements have been liberalized and do not presently seem to be a problem.

Significant deficiencies in the area of freedom of association remain. Notwithstanding GOC assertions that workers may select or form organizations of their own choosing, the facts strongly suggest that they may be severely harassed for attempting to do so. Unions in Chile are basically free to be small and exert minimal influence. Freedom of association regarding political and civil rights of workers has been substantially, and even violently, curtailed during national states of exception although other union business may have proceeded in some manner during these times. Without a clear and significant step to improve freedom of association for unions in Chile, an attempt to qualify that country's practices will encounter opposition on both worker and human rights grounds. An attempt to differentiate freedom of association for unions from the same issue in a human rights context will only serve to compound the problem, heighten the level of opposition in this case, and diminish the credibility of the Administration's treatment of the worker rights issue.

A waiver of this requirement under the national economic interest authority of the President is not suitable for this case. It would call into question the Administration's policy toward Chile on human rights grounds. A bilateral waiver on economic interest would undermine our current stance in the multilateral development institutions. It would likewise indicate to the GOC that current practices are acceptable.

#### GENERAL LEAVE

Mr. MORRISON of Connecticut. Mr. Speaker, I ask unanimous consent that all Members may have 5 legisla-



tive days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore (Mr. OLIN). Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. JACOBS] is recognized for 60 minutes.

[Mr. JACOBS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. FRANK] is recognized for 60 minutes.

[Mr. FRANK addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. GAYDOS] is recognized for 60 minutes.

[Mr. GAYDOS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

#### THE CROSSROADS: HOW DO WE GO ABOUT DEFICIT REDUCTION?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. SWINDALL] is recognized for 60 minutes.

Mr. SWINDALL. Mr. Speaker, recently my wife and I were on a trip from Atlanta, which is my district, to Augusta, GA. Typically, we take I-20, which is an interstate that leads directly from Atlanta to Augusta, but on this particular occasion we decided that we would go the scenic route, get off the interstate, and after having gotten off the interstate we succeeded in getting totally lost.

As we realized that we were lost, we came to various stop signs where there were directional arrows and each time we came to these stop signs in the middle of the country there would be directional arrows that would say that either way we turned we could still get to Augusta.

After having made four or five of these choices I finally became a little concerned and decided that we would stop at a small service station and ask directions. So when I came to this small service station, there is this gentleman sitting there rocking in his rocking chair minding his own business and I said, "Excuse me, sir, every time we have come to an intersection we have come to signs that say we can go left or we can go right to Augusta. Does it matter which way we go to Augusta?"

He looked at me and said, "Not to me it doesn't."

At that point I am sure he really was not trying to be humorous, but it struck me as rather humorous because I was intent in trying to get to Augusta that I had phrased the question in such a way that he gave a fairly logical explanation. But the point is that today we stand at a much more significant crossroads as a nation. The crossroad is this: How do we go about deficit reduction?

Certainly the media, Members of Congress, and the general public have consistently over the last 2 weeks since Black Monday made the statement that we need to reduce the deficit, but somehow the suggestion has been that it really does not matter how we go about reducing the deficit so long as we go about reducing the deficit.

I would suggest that it does matter very significantly how we go about reducing the deficit because our own history indicates that an understanding of why we have a deficit is absolutely critical if we are to solve the deficit.

Historically this Congress has not understood very well what causes the deficit. I say that because we have somehow believed over the course of the last 5 years that raising taxes in and of itself is curative.

The truth is that as we have raised taxes we have actually increased the deficit. I recognize that that seems somewhat illogical. Certainly if we raised taxes those additional revenues come in, logically the deficit ought to drop, but that is true only if two other things occur. One is that when you raise taxes the money that you raise goes to reduce the deficit as opposed to financing new spending. The second is that when you raise taxes it does not have a negative impact on the economy itself so that you are now imposing higher rates of taxes on a smaller yield.

We know that there is an adverse correlation between raising taxes and growth in GNP. In fact as we raise taxes the growth in GNP declines. Probably the most important thing that we as Members of Congress, irrespective of whether we are conservatives or liberals, whether we are Democrats or Republicans, or whatever, the most important thing that we can do is to be truthful in terms of what the facts are.

Many of us want to rush to our closing arguments to make our point whether it be that we ought to raise taxes or we ought to cut spending or whatever, without first laying a foundation of fact. One thing that is fairly obvious, if you have been keeping up with various commentaries that have been on the television as well as in the newspapers, is that there is misinformation being circulated with respect to what has occurred in terms of revenues since 1981, more specifically under the Reagan administration.

There is a widely held misperception that we have cut taxes under the Reagan administration. The reason for that is in 1981 frankly more out of des-

peration than anything else, this Congress did agree to the Economic Recovery Act of 1981 which promised the American people \$960 billion tax cuts over the course of 5 years.

The concept there was that by cutting tax rates we would fuel the economy which was at the time in a recession, and as a result we would actually increase revenues.

That did occur. We did pass a tax cut and we did fuel the economy and in fact revenues were up. But what has not been stated was the fact that even before the Economic Recovery Act became law, two-thirds of that \$960 billion promised tax cut was completely wiped off with a Social Security tax increase and bracket creep of \$660 billion.

Since that time, we have gradually increased other taxes to the point that we have wiped out the remaining \$300 billion and added \$30 billion more in new taxes, and specifically we have passed the TEFRA bill which was passed in 1982 that raised taxes \$229 billion; we passed in 1983 the gas tax which raised taxes \$16 billion; we passed in 1984 DEFRA which was a \$50 billion tax increase; we passed in 1986 COBRA which was a \$6 billion tax increase; and, yes, even the Tax Reform Act which passed last year with a promise of budget neutrality and revenue neutrality raised taxes we now find of \$29 billion for this year alone.

So this myth, and I underscore the word myth, that we have cut taxes in the last 5 years is leading us to some very false conclusions with respect to why we have a deficit.

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The other misperception, or myth, if you will, is that we have been cutting spending up here for the last 5 years. Once again, all you need do is look at the budget that is put out by CBO and OMB and you will find that in 1981 we have revenues of \$599 billion and expenditures of \$678 billion. This year, and we will get the actual hard numbers today, we have revenues of \$855 billion and expenditures of \$1.4 trillion. In other words, revenues have increased over the last 5 years by \$256 billion or 43 percent, but at the same time expenditures have increased by \$326 billion or 50 percent.

What I am saying here is we have a deficit not because of tax cuts but because in essence we have allowed growth in expenditures to outpace growth in revenues.

If you want to really look at that in a historical comparison, look at how much money the Federal Government has been spending historically as a percentage of GNP. In 1960, the year that John Kennedy was elected President, the Federal Government was spending 18.3 percent of GNP at the Federal level. It was also taking in revenues of about 18.3 percent, so we had a balance budget.



In 1970, one decade later, we saw that the Federal Government was spending 19.5 percent of GNP at the Federal level and our revenues were roughly 19.5 percent, still basically in a balance budget situation.

By 1980, Federal expenditures had increased as a percentage of GNP to 19.5 percent, but revenues had dropped to 19.4 percent. The real increase has occurred since 1980, because last year we were at nearly one-quarter a percentage of GNP being expended at the Federal level.

Why is that important? It is important because every one of those percentages of GNP that is going into the Federal coffers is one less dollar that is out in the private marketplace earning returns on our investment.

If you really want to boil this whole economic argument or debate, if you will, down to its essence, you will find that the essence is this: We must decide what we expect from the Federal Government. Do we expect from the Federal Government that somehow we should change hundreds of years of philosophy and see the Federal Government as a mechanism to redistribute the wealth in this country, and that is clearly what those who advocate even more tax increases beyond the \$1 trillion that we have raised in the last 5 years; or do we believe, as I believe, that the role of the Federal Government, and for that matter State and local government, ought to be to create an environment in which individuals have the incentive to go out and earn their own living and create wealth? That is a very basic difference of opinion because in an environment where the Federal Government assumes the responsibility of redistributing the wealth, we are moving in essence toward socialism.

One thing that we know about socialism where it is being practiced is that it fails economically because eventually those upon whom the systems depends to create the wealth lose their incentive to create the wealth because they recognize that they are going to get the same amount whether they are productive or nonproductive, whether they are very productive or less productive. That is, in essence, why our free enterprise, self initiative type of approach has worked so much better than the socialist and communistic counterparts.

Yet what we saw in 1979, 1980 and 1981 was that as the Federal Government increased its bite of the revenues of this country to the point that we were spending over 20 percent of GNP revenues, I should say collecting, we actually got to a point where those who were productive and putting their money at risk in the marketplace ceased to do so.

We have recently created a climate where we have created 14 million new jobs in 5 years, where we saw 700,000 brand new small business startups last year, and now ever so gradually we are reversing that.

But if you look at the tax bill that we passed last year you will see that that was the beginning of the process of reversing the positive things that occurred with respect to the Economic Recovery Act of 1981 in two very specific areas. One was we raised the cost of capital. We raised it from 20 percent to 28 percent by raising the long-term capital gains rate. We know historically any time we have raised the long-term capital gains rates we have seen, understandably and predictably, a decline in the amount of money that is put at risk; that is, into capital venture.

The other thing that we did was we chose to discourage private savings in this country. We said to individuals who were putting money into individual retirement accounts that we will no longer encourage that with the type of positive tax incentives that we started earlier in this decade.

Why then are we surprised that this year we find that private savings as a percentage of net income in America has declined significantly, below 3 percent? Compare and contrast that with Japan where their net income in private savings is close to 16 percent.

The other thing I think we have to do in terms of honesty of this debate is to recognize that well intended as individual Members are when they make promises, we do know that promises to raise taxes and at the same time cut spending have not historically been satisfied. What has happened is when we have heard this Congress go on record as promising to raise taxes and cut spending that the taxes do become a part of the law but the spending cuts never do. Part of the reason for that is very simple. There is no mechanism in our budget process or our appropriation process to make the spending cuts stick.

Even if we as a Congress were to decide, let us say hypothetically, that we will raise taxes \$12 billion, as the majority in this body has already stated they would like to do, and that simultaneously we will cut spending in an equal amount. Once those taxes are in place, everyone in this body knows we will not rescind them or repeal them. But what happens when we put the spending cuts in place? At the end of the fiscal year that we are in now we will come in with a supplemental appropriations bill and wipe out all of the spending cuts. We did exactly that in 1982.

In 1982, when the TEFRA bill passed this body, there was the basic promise that if we would raise taxes Congress would cut spending \$3 for every \$1 of new taxes. In fact, we did raise taxes but did we cut spending? The evidence, uncontroversially, is not only did we not cut spending \$3 for every \$1 we raised in taxes, but to the contrary, we actually raised spending \$1.14 for every \$1 in new taxes, the point being that it is ludicrous today, even if we could demonstrate that the American people were undertaxed,

even if we could demonstrate that we have cut taxes over the last 5 years when clearly the evidence shows we have not, it would be foolish for us to raise taxes today believing that raising taxes will reduce the deficit. In fact, exactly the opposite will occur.

What I think we do need to do is recognize that next year, even without any new taxes, revenues will increase by more than \$60 billion. That same phenomenon has been occurring for the last several years. Revenues have been increasing as a result of the healthy economy, but what have we been doing with the revenues? We clearly have not been applying them to deficit reduction or we would not be standing here in the dilemma that we find ourselves in today. We have been spending them, and all you need to do to understand how we have been spending them is to look at the budget reconciliation bill that will be brought before this House tomorrow. Contained in that budget reconciliation package is \$5 billion of brandnew spending on what is called welfare reform. Why do we not just be honest and say it is not welfare reform, rather it is a major welfare increase.

Stated differently, what we are saying is we want to take what little productive income individual American families are able to retain after they work and cut it a little bit more so we can redistribute it a little bit broader.

I want to close by saying it is very, very important for us to have an honest debate about how we go about reducing the deficit, and part of that debate ought to focus on whether or not we as a Federal Government are going to continue in the direction that we have been headed for really 4 decades now of redistributing the wealth, guaranteeing that every American has equality of earnings, and that is certainly the target that many people have put out there, irrespective of how hard one works, irrespective of how many risks one takes with one's resources. We must look at that issue and ask whether that is really the direction we want to head or whether we are going to re-embrace the basic concept that America is unique because in America we still believe that if you work hard, if you take risks with what you do earn, you ought to be rewarded for your hard work and your risks, because I guarantee you if we continue to move away from that direction we will see a decline in productivity, we will see a decline in new business startups, we will see an increase in unemployment, and in short, we will see a return to the quagmire we found ourselves in in 1981 when this Congress decided decisively to change directions.

Two weeks ago when Wall Street tumbled it was sending a message, but the message was not to raise taxes. It was sending a message that we want to



reverse the direction that we have been headed during this Congress.

If it were in fact a message that taxes ought to be increased, does it not seem logical that the day after President Reagan made the statement in his news conference last Thursday evening that everything was on the negotiating table except Social Security that the stock market should have skyrocketed the next day? In fact, the next day it was flat. By Monday it has plummeted to the second largest amount in its history, second only to the Monday preceding.

In other words, this market is reacting negatively to the news that we may as a Congress decide to raise taxes once more. I think the reason for that is Wall Street operates on the basic premise that it is healthy when we are going to encourage productivity, when we are going to encourage capital formation, and when we get the Federal Government out of business of redistributing the wealth.

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Also, Congress needs to look at the fact that if we see an increase in unemployment that is going to cause our deficit to skyrocket. Most estimates say that every percentage of unemployment translates to roughly \$50 billion in new deficits. That is a combination of lost taxes or revenue to the Government because of individuals not working and therefore not being able to pay Federal and Social Security taxes. But also, that triggers new benefits that immediately must be paid because these individuals are now unemployed.

That is the situation that we had back in November of 1982 when unemployment was above 11 percent. We can avoid all that but we will avoid it only if we recognize that we have a deficit today because this Congress has categorically refused not only to freeze spending but it has refused to stop increasing spending.

The President needs to send a loud and clear message, "We will not raise taxes," but more importantly we are going to call for some structural changes in our process of constitutional amendment which requires a balanced budget. Forty-two States already have it. We ought to have it here.

We ought to have a line-item veto in the interim that allows the President to go through these omnibus spending bills so that he can at least hold this body accountable line-item by line-item on the expenditures that we pass here in hopes that no one will be held accountable except in the broadest sense.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PANETTA (at the request of Mr. FOLEY), for October 27 and the bal-

ance of the week, because of illness in the family.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

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

Mr. PARRIS, for 5 minutes, today.  
Mr. BURTON of Indiana, for 60 minutes, on November 3.

Mr. GINGRICH, for 5 minutes, today.  
Mr. SWINDALL, for 60 minutes, today.  
Mrs. BENTLEY, for 60 minutes, on November 2.

Mrs. BENTLEY, for 60 minutes, on November 3.

Mrs. BENTLEY, for 60 minutes, on November 10.

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

Mr. STARK, for 5 minutes, today.  
Mr. ANNUNZIO, for 60 minutes, today.  
Mr. GAYDOS, for 60 minutes, today.  
Mr. GONZALEZ, for 60 minutes, on November 2.

#### EXTENSION OF REMARKS

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

(The following members (at the request of Mr. HENRY of Michigan) and to include extraneous matter:)

Mr. JEFFORDS.  
Mr. CHANDLER.  
Mr. SOLOMON in two instances.  
Mr. CLINGER.  
Mr. DONALD E. LUKE.  
Mr. MCCOLLUM.  
Mr. CRANE in four instances.  
Mr. LOTT.  
Mr. SAXTON.  
Mr. DANNEMEYER.  
Mr. GRADISON.  
Mr. RINALDO.  
Mr. BROOMFIELD in three instances.  
Mr. HOUGHTON.  
Mr. RITTER in two instances.  
Mr. BEREUTER.  
Mr. DUNCAN in two instances.  
Mr. GILMAN in three instances.

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

Mr. LEHMAN of Florida.  
Mr. SMITH of Florida.  
Mr. APPLEGATE in two instances.  
Mr. CLARKE.  
Ms. SLAUGHTER of New York.  
Mrs. SCHROEDER.  
Mr. LIPINSKI.  
Mr. RODINO.  
Mr. ROE.  
Mr. HAWKINS.  
Mr. SCHEUER.  
Mr. HAMILTON in two instances.  
Mr. TALLON.  
Mr. LELAND in two instances.

Mr. ERDREICH.  
Mr. ORTIZ.  
Mr. LEVINE of California.  
Mr. YATRON in two instances.  
Mr. THOMAS A. LUKE.  
Mr. DELLUMS in two instances.  
Mr. McMILLEN of Maryland in two instances.  
Mr. KILDEE.  
Mr. RICHARDSON in two instances.  
Mr. LANTOS.  
Mr. SCHUMER.  
Mr. CLAY.  
Mr. FAZIO.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills of the House of the following titles.

On October 27, 1987:

H.R. 799. An act to designate a segment of the Kings River in California as a wild and scenic river, and for other purposes;

H.R. 2893. An act to reauthorize the Fishermen's Protective Act; and

H.R. 3325. An act to designate the segment of Corridor V in the State of Alabama as the Robert E. (Bob) Jones, Jr. Highway.

On October 28, 1987:

H.R. 1366. An act to provide for the transfer of certain lands in the State of Arizona, and for other purposes, and

H.R. 2937. An act to make miscellaneous technical and minor amendments to laws relating to Indians, and for other purposes.

#### ADJOURNMENT

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

The motion was agreed to; accordingly (at 7 o'clock and 12 minutes p.m.), the House adjourned until tomorrow, Thursday, October 29, 1987 at 10 a.m.

#### EXECUTIVE COMMUNICATIONS, ETC.

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

2309. A letter from the Acting Secretary of the Army, transmitting the Secretary's determination and findings for other than full and open competition for the acquisition of water, Fort Drum, NY, pursuant to 10 U.S.C. 2304(c)(7); to the Committee on Armed Services.

2310. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting the Corporation's annual report for the calendar year 1986, pursuant to 12 U.S.C. 1827(a); to the Committee on Banking, Finance and Urban Affairs.

2311. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 7-94, "Rate of Interest on Judgments and Decrees Temporary Act of 1987", pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2312. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 7-93, "D.C. Hospital



Equipment Revenue Bond Act of 1985 Amendment Temporary Act of 1987", pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2313. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 7-92, "Extension of the Moratorium on Retail Service Station Conversions Amendment Temporary Act of 1987", pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2314. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 7-901, "D.C. Ceremonial Funds Amendment Temporary Act of 1987", pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2315. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 7-90, "Day Care Policy Act of 1979 Amendment Temporary Act of 1987", pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2316. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 7-89, Closing of a Portion of 9th Street, N.W., and a Public Alley in Square 2875, S.O. 86-313, Act of 1987", and Report, pursuant to D.C. Code section 1-233(c)(1); to the Committee on the District of Columbia.

2317. A letter from the Secretaries of Education, and Health and Human Services, transmitting a report to Congress on the nature and effectiveness of Federal, State, and local drug prevention/education programs, prepared in cooperation with the Secretary of Health and Human Services, pursuant to 20 U.S.C. 4642; to the Committee on Education and Labor.

2318. A letter from the Secretary of Education transmitting a copy of the final regulations and notice of invitation for applications for new awards for 1988-89 school year, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

2319. A letter from the Secretary, Interstate Commerce Commission, transmitting the Commission's notice that docket no. 40073, South-West Car Parts Company versus Missouri Pacific Railroad Company has extended the time period for serving a final decision nunc pro tunc by an additional 90 days to January 6, 1988, pursuant to 49 U.S.C. 10327(k)(2); to the Committee on Energy and Commerce.

2320. A letter from the Department of Justice transmitting the Department's decision not to defend the constitutionality of the provisions which preclude the labeling and advertising of the alcoholic content of beer, pursuant to 8 U.S.C. 1551 nt.; to the Committee on the Judiciary.

2321. A letter from the Special Counsel, U.S. Merit Systems Protection Board, transmitting the Special Committee's Scientific Review of Concerns about the Animal Drug Evaluation Process Center for Veterinary Medicine, FDA, pursuant to 5 U.S.C. 1206(b)(5)(A); to the Committee on Post Office and Civil Service.

2322. A letter from the Acting Assistant Secretary of the Army, (Civil Works), transmitting a copy of a letter report dated January 1987, that revises the flood control plan for Village Creek, AL, that was recommended by the Chief of Engineers and supersedes the previous letter of March 1, 1984; to the Committee on Public Works and Transportation.

2323. A letter from the Administrator, General Services Administration, transmitting an informational copy of a Report of Building Project Survey for Memphis, TN, pursuant to 40 U.S.C. 610(b); to the Committee on Public Works and Transportation.

2324. A letter from the Executive Secretary, Department of Defense, transmitting the report on Department of Defense procurement from small and other business firms for October 1986 through August 1987, pursuant to 15 U.S.C. 639(d); to the Committee on Small Business.

2325. A letter from the Secretaries of Education, Labor, and Health and Human Services, transmitting a joint report, "Special Report to the U.S. Congress on Substance Abuse Prevention" which identifies the cooperation and coordination among the Departments, the resources efficiently utilized, duplication avoided, and the most complete and effective substance abuse prevention information shared with the States, pursuant to 21 U.S.C. 801 nt.; jointly, to the Committees on Education and Labor and Energy and Commerce.

## 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 references to the proper calendar, as follows:

Mr. WHEAT: Committee on Rules. House Resolution 295. Resolution providing for the consideration of H.R. 1212, a bill to prevent the denial of employment opportunities by prohibiting the use of lie detectors by employers involved in or affecting interstate commerce (Rept. 100-407). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 296. Resolution providing for the consideration of H.R. 3545, a bill to provide for reconciliation pursuant to section 4 of the concurrent resolution on the budget for the fiscal year 1988 (Rept. 100-408). Referred to the House Calendar.

Mr. HAWKINS: Committee on Education and Labor. H.R. 3436. A bill to amend the Older Americans Act of 1965 to make technical corrections (Rept. 100-409). Referred to the Committee of the Whole House on the State of the Union.

Mr. CHAPPELL: Committee on Appropriations. H.R. 3576. A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1988, and for other purposes (Rept. 100-410). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHAPPELL:

H.R. 3559. A bill to authorize the acquisition of 25 acres to be used for an administrative headquarters for Canaveral National Seashore; to the Committee on Interior and Insular Affairs.

By Mr. CLAY:

H.R. 3560. A bill to amend the National Labor Relations Act with respect to the right to organize of certain security personnel; to the Committee on Education and Labor.

By Mr. CLINGER:

H.R. 3561. A bill to amend the Internal Revenue Code of 1986 to provide a more lenient treatment for small issuers of tax-exempt bonds with respect to the arbitrage rebate rules and the private activity bond rules; to the Committee on Ways and Means.

By Mr. COELHO (for himself, Mr. AKAKA, Mrs. BENTLEY, Mr. BERMAN, Mr. BROWN of Colorado, Mr. CHENEY, Mr. ESPY, Mr. DEFazio, Mr. FAZIO, Mr. HASTERT, Mr. HENRY, Mr. HOCHBRUECKNER, Mr. HOYER, Mr. LENT, Mr. LEVINE of California, Mr. LEWIS of Georgia, Mr. MOODY, Mr. MORRISON of Connecticut, Mr. MORRISON of Washington, Mr. OLIN, Mr. QUILLLEN, Mr. ROBERTS, Mr. ROBINSON, Mr. SCHUETTE, Mrs. SMITH of Nebraska, Mr. SYNAR, Mr. WEISS, Mr. DYSON, Mr. WHITTAKER, Mr. GLICKMAN, and Mr. PEPPER):

H.R. 3562. A bill to recognize the organization known as the National Academies of Practice; to the Committee on the Judiciary.

By Mr. DORNAN of California (for himself, Mr. WORTLEY, Mr. STUMP, Mr. BADHAM, and Mr. DELAY):

H.R. 3563. A bill to award a congressional gold medal to Mrs. William J. Casey in honor of the late William J. Casey; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DURBIN (for himself, Mr. GLICKMAN, Mr. LEHMAN of Florida,

Mr. McCLOSKEY, Mr. GRAY of Illinois, Mr. LAGOMARSINO, Mr. CONYERS, Mr. GRANDY, Mr. WILSON, Mr. DORNAN of California, Mr. MRAZEK, Mrs. BOXER, Mr. SMITH of Florida, Mr. OBERSTAR, Mr. LIPINSKI, Mr. BIAGGI, Mr. FEIGHAN, Mr. OWENS of New York, Mrs. COLLINS, Mrs. JOHNSON of Connecticut, Mr. SHUMWAY, Mr. STALLINGS, Mr. DEFazio, Mr. WELDON, Mr. NIELSON of Utah, Mr. FAUNTROY, Mr. BEVILL, Mr. ESPY, Mr. PANETTA, Mr. VALENTINE, Mr. BATES, Mr. KILDEE, Mr. HOCHBRUECKNER, Mr. FAZIO, Mr. DAVIS of Illinois, Mrs. ROUEKMA, Mr. RICHARDSON, Mr. SKAGGS, Mr. PENNY, Mr. VISCLOSKEY, Mr. DONNELLY, Mr. BAKER, Mr. HAYES of Illinois, Mr. SLATTERY, Mr. SAWYER, Mrs. BENTLEY, Mr. EDWARDS of Oklahoma, and Mr. FIELDS):

H.R. 3564. A bill to amend the Federal Aviation Act of 1958 to establish penalties for tampering with smoke detection devices; to the Committee on Public Works and Transportation.

By Mr. JACOBS:

H.R. 3565. A bill to provide for treatment of Federal pay in the same manner as non-Federal pay with respect to garnishment and other legal process; to the Committee on Post Office and Civil Service.

By Mr. JEFFORDS (for himself and Mr. HENRY):

H.R. 3566. A bill to expand efforts to inform workers of hazards in the work place, to train workers in the safe handling of such hazards, to establish an interim risk notification program and to create a commission to report to Congress on the benefits and costs of risk notification; to the Committee on Education and Labor.

By Mr. MOLINARI:

H.R. 3567. A bill to amend title 49, United States Code, to make the term of service of the Administrator of the Federal Aviation Administration 7 years; to the Committee on Public Works and Transportation.

By Mr. MRAZEK (for himself and Mr. RIDGE):

H.R. 3568. A bill to permit the immigration of Vietnamese Americans to the United States; to the Committee on the Judiciary.

By Mr. NOWAK:

H.R. 3569. A bill to establish a Motor Carrier Administration in the Department of Transportation; to the Committee on Public Works and Transportation.



By Mr. RANGEL:

H.R. 3570. A bill to amend the Internal Revenue Code of 1986 to provide that gross income of an individual shall not include income from United States savings bonds which are transferred to an education institution as payment for tuition and fees; to the Committee on Ways and Means.

By Mr. ROBINSON:

H.R. 3571. A bill to provide for the development and implementation of programs for children and youth camp safety; to the Committee on Education and Labor.

H.R. 3572. A bill to direct the Secretary of the Army to modify the boundaries of the Little Rock Division of the Corps of Engineers, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. STARK:

H.R. 3573. A bill to amend title XVIII of the Social Security Act to provide for coverage of screening mammography under the Medicare Program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. TORRICELLI (for himself, Mr. FLORIO, Mr. GALLO, Mrs. ROUKEMA, and Mr. GUARINI):

H.R. 3574. A bill to amend the Federal Aviation Act of 1958 to prohibit the takeoffs and landings of subsonic aircraft exceeding certain noise limits; to the Committee on Public Works and Transportation.

By Mr. APPLEGATE (for himself, Mr. McEWEN and Mr. WATKINS):

H.J. Res. 388. Joint resolution designating April 9, 1988, as "National Former Prisoner of War Recognition Day"; to the Committee on Post Office and Civil Service.

By Mr. HAWKINS (for himself and Mr. DREIER of California):

H.J. Res. 389. Joint resolution to designate June 1988 as "National Recycling Month"; to the Committee on Post Office and Civil Service.

By Mr. LANTOS (for himself, Mr. DAUB, Ms. PELOSI, Mr. LEWIS of California, Mr. MURPHY, Mr. SUNIA, Ms. KAPTUR, and Mr. DYMALLY):

H.J. Res. 390. Joint resolution designating November 13-19, 1988, as "National Cult Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. ROE:

H.J. Res. 391. Joint resolution to designate the period commencing on May 2, 1988, and ending on May 8, 1988, as "National Drinking Water Week"; to the Committee on Post Office and Civil Service.

By Mr. RUSSO:

H.J. Res. 392. Joint resolution proposing an amendment to the Constitution of the United States to protect unborn children and other persons; to the Committee on the Judiciary.

By Mr. LOTT (for himself and Mr. WALKER):

H. Res. 297. Resolution to amend the rules of the House of Representatives to require that the report on any measure reported from a committee shall include, in the case of a recorded vote, the names of those Members voting for and against ordering the measure reported to the House, including a designation of those voting by proxy; and, in the case of a measure ordered reported by a nonrecord vote, the report shall include the names of those Members actually present at the time the measure is ordered reported; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

### Under clause 1 of rule XXII.

Miss SCHNEIDER introduced a bill (H.R. 3575) for the relief of Vincent Ricci; which was referred to the Committee on Armed Services.

## ADDITIONAL SPONSORS

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

H.R. 39: Mr. MATSUI.  
H.R. 81: Mr. FLAKE.  
H.R. 190: Mr. NIELSON of Utah.  
H.R. 276: Mrs. COLLINS.  
H.R. 588: Mr. BLAZ, Mr. CONYERS, Mr. BILBRAY, Mr. GUNDERSON, Mr. DANNEMEYER, Mr. WISE, Mrs. MARTIN of Illinois, Mr. HENRY, Mr. JEFFORDS, Mr. BUECHNER, and Mr. BROWN of California.  
H.R. 1007: Mr. MOORHEAD, Mr. SAXTON, Mr. GONZALEZ, Mr. DEWINE, Mr. SCHUETTE, Mr. MCCURDY, Mr. ROBINSON, Mr. APPLEGATE, Mr. HARRIS, Mr. RAY, Mr. BONIOR of Michigan, Mr. SWINDALL, Mr. MORRISON of Washington, Mr. BRYANT, and Mr. EMERSON.  
H.R. 1036: Mr. FEIGHAN and Mr. BORSKI.  
H.R. 1038: Mr. NIELSON of Utah, Mr. BORSKI, and Mrs. MARTIN of Illinois.  
H.R. 1119: Mr. MILLER of California.  
H.R. 1213: Mr. CLARKE.  
H.R. 1259: Mr. FRENZEL.  
H.R. 1313: Mr. MCDADE, Mr. GALLEGLY, and Mr. ROE.  
H.R. 1666: Mr. BALLENGER.  
H.R. 1700: Mr. HAYES of Illinois.  
H.R. 1782: Mr. COURTER, Mr. SOLOMON, Mr. HATCHER, Mr. STOKES, and Mr. MARLENEE.  
H.R. 1842: Mr. GAYDOS, Mr. TORRICELLI, Mr. RINALDO, Mr. HOWARD, Mr. GALLO, Mr. WILSON, Mr. DWYER of New Jersey, Mr. TRAXLER, Mr. ROE, Mr. GUARINI, and Mr. HAMILTON.  
H.R. 1917: Mr. LANCASTER.  
H.R. 2138: Mr. ECKART and Mr. MURTHA.  
H.R. 2151: Mr. RINALDO, Ms. OAKAR, Mr. HOWARD, and Mr. MARKEY.  
H.R. 2173: Mr. MFUME and Mr. HAYES of Illinois.  
H.R. 2248: Ms. SNOWE and Mr. SKAGGS.  
H.R. 2405: Mr. LANTOS.  
H.R. 2433: Mr. KOLTER.  
H.R. 2517: Mr. CARDIN.  
H.R. 2649: Mr. ENGLISH, Mrs. COLLINS, Mr. OWENS of Utah, Mr. HOWARD, Mr. BROOKS, and Mr. YOUNG of Florida.  
H.R. 2692: Mr. CARPER, Mrs. MORELLA, Mrs. KENNELLY, Mr. SYNAR, and Mr. LAFALCE.  
H.R. 2787: Mr. CARDIN.  
H.R. 2794: Mr. MARLENEE.  
H.R. 2800: Mr. THOMAS A. LUKE, Mr. ANTHONY, Mr. BLAZ, Mr. COELHO, Mr. FLORIO, Mr. HOUGHTON, Mr. KANJORSKI, Mr. BONKER, Mr. LEVINE of California, Mr. MACKEY, Mr. TRAFICANT, Mr. SCHULZE, Mr. LIPINSKI, Mr. BUECHNER, Mr. YATRON, Mr. MINETA, Mr. DIXON, Mr. CARPER, Mr. CARDIN, Mr. GONZALEZ, Mr. BOUCHER, Mr. ANDERSON, Mr. BILBRAY, Mr. HAMILTON, Mr. PENNY, and Mr. JENKINS.  
H.R. 2879: Mr. MAVROULES.  
H.R. 2928: Mr. ATKINS and Mr. RIDGE.  
H.R. 2934: Mr. KASTENMEIER, Mr. FRANK, and Mr. WISE.

H.R. 2959: Mr. SMITH of Florida, Mr. AKAKA, Mr. ENGLISH, Mr. THOMAS of California, Mr. LANTOS, Mr. HUGHES, Mr. HYDE, Mrs. BOXER, Mr. NIELSON of Utah, Mr. FOGLIETTA, Mr. KENNEDY, Mr. PACKARD, Mrs. COLLINS, Mr. EDWARDS of Oklahoma, Mr. FISH, Mr. LANCASTER, and Mrs. MARTIN of Illinois.

H.R. 2972: Mr. FUSTER and Mr. TALLON.

H.R. 3010: Mr. FISH, Ms. PELOSI, and Mr. RIDGE.

H.R. 3130: Mr. KOLTER, Mrs. LLOYD, Mr. ESPY, Mrs. BENTLEY, Mr. SOLARZ, Ms. PELOSI, Mr. FROST, Mr. ATKINS, Mr. HUTTO, and Mr. SCHEUER.

H.R. 3160: Mr. NIELSON of Utah, and Mr. WISE.

H.R. 3171: Mr. ROE, Mr. BOEHLERT, Mr. LEWIS of Georgia, Mr. MATSUI, Mr. WORTLEY, Mr. DAUB, Mr. HORTON, Mrs. MARTIN of Illinois, Mr. LAFALCE, Mr. VALENTINE, Mr. BIAGGI, Mr. BLAZ, Mr. THOMAS of Georgia, Mr. OBEY, Mrs. BOGGS, Mr. AUCOIN, Mr. DURBIN, and Mr. LOWERY of California.

H.R. 3179: Mr. MARTINEZ, Mr. WEISS, Mrs. COLLINS, Mr. DWYER of New Jersey, Mr. LAFALCE, Mr. SOLARZ, and Mr. GILMAN.

H.R. 3180: Mr. LAGOMARSINO and Mr. EDWARDS of Oklahoma.

H.R. 3280: Mr. BOEHLERT.

H.R. 3286: Mr. LEHMAN of Florida, Mr. WISE, Mr. HAYES of Illinois, Mr. PERKINS, Mr. PENNY, Mr. ROBINSON, Mr. MURPHY, Mr. LELAND, Mr. LEVIN of Michigan, Mr. FAUNTROY, Mr. EVANS, Mr. FOGLIETTA, Mr. HOWARD, Mr. FORD of Michigan, Mr. KILDER, Mrs. KENNELLY, Mr. GONZALEZ, Mr. JONTZ, Mr. SOLARZ, Mr. LOWRY of Washington, Mrs. COLLINS, Mr. RICHARDSON, Mr. CLAY, Mr. SAWYER, Mr. BIAGGI, Mrs. JOHNSON of Connecticut, Mr. GOODLING, Mr. ATKINS, Mr. FAZIO, Mr. JEFFORDS, Mr. MRAZEK, Mr. OWENS of New York, Mr. COLEMAN of Missouri, Mr. VISCLOSKEY, Mr. GUNDERSON, Miss SCHNEIDER, Mr. MATSUI, Mr. RODINO, Ms. KAPTUR, and Mr. CHANDLER.

H.R. 3294: Mr. BOEHLERT and Mr. JACOBS.

H.R. 3344: Mr. GILMAN.

H.R. 3371: Mr. ESPY.

H.R. 3380: Mr. FUSTER and Mr. TALLON.

H.R. 3442: Mr. DAVIS of Illinois, Mr. LAGOMARSINO, Mr. McEWEN, Mr. OXLEY, Mr. DAUB, and Mr. WALKER.

H.R. 3478: Mr. MAVROULES.

H.R. 3485: Mr. BUSTAMANTE, Mr. NIELSON of Utah, and Mr. BADHAM.

H.J. Res. 303: Mr. WEISS, Mr. SIKORSKI, Mr. WILSON, Mr. MCDADE, Mr. LANCASTER, and Mr. KEMP.

H.J. Res. 359: Mr. LIPINSKI, Mr. SCHEUER, Mr. PANETTA, and Mr. FAZIO.

H.J. Res. 367: Mr. TRAFICANT.

H.J. Res. 384: Mr. MCCOLLUM, Mr. BUSTAMANTE, Mr. QUILLLEN, Mr. WORTLEY, and Mr. SKELTON.

H. Con. Res. 168: Mr. EDWARDS of California, Ms. KAPTUR, Mr. FROST, Mr. RODINO, Mr. OBERSTAR, Mr. STARK, Mr. HALL of Ohio, Mr. OWENS of New York, Miss SCHNEIDER, and Mr. LEVINE of California.

H. Con. Res. 201: Mr. BURTON of Indiana, Mr. INHOPE, Mr. UPTON, Mr. LAGOMARSINO, Mr. FIELDS, and Mr. BADHAM.

H. Res. 251: Mr. HOCHBRUECKNER.

H. Res. 271: Mr. MACK, Mr. TAUKE, Mr. FIELDS, Mr. OLIN, Mr. CARPER, Mr. HILER, Mr. HENRY, and Mrs. MARTIN of Illinois.



## EXTENSIONS OF REMARKS

HAVE WE FALLEN SHORT OF  
OUR FOUNDING FATHERS'  
VISION?

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CRANE. Mr. Speaker, I would like to ask my colleagues to consider a question that has been brought to my attention: "After 200 years, have we allowed self-government to fall short of our Founding Fathers' vision?" Mr. Louis Dehmlow cogently advances the theory that we have indeed fallen short. He believes that self-government is in jeopardy due to three primary reasons, "overtaxation with misrepresentation," "the lawyering of America," and the rise of a "less interested, less informed electorate." I would like to submit Mr. Dehmlow's articles as an alarming perspective to be considered in conjunction with the celebration of the bicentennial of the U.S. Constitution.

Mr. Dehmlow astutely points out that modern politicians have not only created an omnipotent bureaucracy, but that they have, in fact, colluded with these bureaucrats in a refusal to control Government spending. This overspending has resulted in what Mr. Dehmlow terms "overtaxation with misrepresentation." Mr. Dehmlow alerts Government officials to the fact that they are spending funds that are not available, and are then misusing their powers by placing a tax burden on their constituents in an attempt to counterbalance their own misappropriations.

Another area where Mr. Dehmlow is correct in his belief that we have failed our Founding Fathers is in the "lawyering of America." In Mr. Dehmlow's view, the politicians and the bureaucrats cooperate with the lawyers toward the inevitable end of litigating America. Mr. Dehmlow warns that "ignorance of the law is the great blindness in our land \* \* \* in this way our lawyers have become our rulers." In the present litigious and complicated system, the lawyers have the upper hand, for they are the only members of society who can "pretend to know what should be done." Thus, the majority of the public sector must acquiesce to those who seemingly possess all of the answers.

Finally, Mr. Dehmlow accuses the American Government of alienating the populace, and thus producing among the American people increased apathy. The power of the Government has so increased that a distrust of the powers that be has developed among the citizenry. In fairness, Mr. Dehmlow does not place blame exclusively upon the Government. He also expresses intense dissatisfaction with voters who are ill-informed as to the issues that are before them, as well as with a system of education that makes accommodation to mediocrity. He goes on to suggest that miseducation and ignorance are weakening not only the American system, but are indeed

jeopardizing the values upon which our Founding Fathers built this great Nation.

Ironically as it might seem, while we are in the process of celebrating the 200th anniversary of our system of government, we should also consider those areas in which we have dangerously strayed from our Founding Fathers' constitutional blueprint. Before it is too late, Americans must examine the present state of our Nation and determine if we have indeed failed to meet the challenge "to give meaning to our God-given rights by advancing our free society." Mr. Dehmlow's articles follow:

[From Channels, National Association of Wholesaler-Distributors, July 1987]

## WE, THE PEOPLE—PART I

(By Louis H.T. Dehmlow)

Okay, first, a pop quiz: Who was president of the United States during the Civil War—Joseph Stalin or Winston Churchill?

Such a question would have been laughable not so long ago, but, nowadays, I'm not sure. A recent survey found that two-thirds of American eleventh-graders could not place the Civil War in the correct half-century, and half of them could not identify Joseph Stalin or Winston Churchill. Another study revealed that twenty percent of American sixth-graders could not locate the United States on a map.

We've all had moments when we have felt that "Ignorance is bliss," but I don't think that any of us would like to see that become our new national motto.

John Adams never had heard of Stalin or Churchill either, since they hadn't been born yet, but he understood that ignorance about such things in the future would undermine America's new form of government. "Liberty cannot be preserved," he warned, "without a general knowledge among the people."

As millions of Americans prepare for a gala celebration of the two hundredth year of our Constitution, I must admit that there are some very un-festive questions bothering me. I don't wish to spoil anyone's party, but, is there, in fact, "a general knowledge among the people" so that our democratic republic is secure? Is our constitutional system of checks and balances still successful in limiting the power and growth of government?

Before I buy a single bicentennial souvenir, or get misty-eyed from a thirty-second TV spot on our national heritage, I really want to think about these questions honestly. Maybe you agree with me that there couldn't be a better time to re-examine our system of self-government than right now \* \* \* in this Bicentennial year for our Constitution.

After all, the founding fathers did not risk their lives and reputations to create a document that would be celebrated as something symbolic and sentimental. They wanted just the opposite; they wanted to devise a new form of government that would live on as a challenge to each succeeding generation. To achieve that, they did something revolutionary—they made each of us a member of the ruling class. They made citizenship the most important political office under the Constitution.

But are we living up to our responsibility as self-rulers—to keep this a government of, by, and for the people?

Nearly everyone is familiar with Ben Franklin's wry statement that nothing is certain but death and taxes. But I recently discovered that this observation was part of a larger, more serious statement, expressed in a letter he wrote to a friend in France in 1789:

"Our Constitution is in actual operation; everything appears to promise that it will last; but nothing in this world is certain but death and taxes."

If Franklin were alive today undoubtedly he would be impressed to learn that America's new republic has become the oldest existing government in the world. It has survived and prospered through all kinds of change because the central truths upon which it was based have not changed. Its Constitution has proven resilient because it was based on both sides of human nature: On the reality of self-interest as man's principal motivation, and on the ideal of virtue as man's proper goal.

Yet even as our founders showed tremendous insight into principles—understanding which ideas worked and which didn't—they knew they could not anticipate the inevitable economic, political and social changes to come. That is why they were careful to include a provision on how the Constitution itself could be amended, and that is why they devised a system of checks and balances to allow time for patient deliberation before a final judgment was made.

Most importantly, that is why they placed as much power as possible not with the government but with that agency in human history most responsible for change and improvement: the individual.

In placing individual freedom above the convenience of the state, the founders set in motion an individualism that would transform the world. In the two succeeding centuries, America's inventors and entrepreneurs have made unprecedented breakthroughs in science, transportation, medicine, communications, education, business, and the arts.

It is now our challenge, as individual citizens, to ask ourselves if we have made similar progress in improving government itself. Or have we allowed self-government in this country to fall short of our founders' vision?

## OVER-TAXATION WITH MISREPRESENTATION

Probably the most obvious case of our government not living up to the hopes of our founders is the current burden of taxes on the average citizen. That burden not only is far beyond what our founders could have imagined two centuries ago, it is far beyond what anyone could have imagined two generations ago. After the "temporary" federal income tax first was proposed, an opponent of the tax was ridiculed in Congress when he warned that its adoption could ultimately lead to people being taxed as high as ten percent of their income!

The American Revolution, of course, was fueled partly by outrage over such taxes as the one imposed on tea. The Declaration of Independence made clear that "the history of the present King of Great Britain is a history of repeated injuries and usurpations, all having a direct object the establishment of an absolute tyranny over these

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

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



states . . . He has erected a multitude of new offices, and sent hither swarms of officers to harass our people and eat out their substance."

If only they had known the IRS.

In modern America, the amount of our earnings that goes to the government is hidden in all kinds of ingenious ways to diminish our pain—payroll deductions, sales taxes, license fees, Social Security—even inflation, the most insidious form of taxation. The average taxpayer works more than four months of the year to pay for government—one-third of his life, and growing! And now leading politicians are pushing yet another form of taxation: ordering businesses to provide their employees "mandated benefits" as dictated by the government.

The reason for over-taxation is overspending. Liberals like to point to unnecessary spending at the Pentagon. Conservatives like to point to the skyrocketing costs of "entitlements." Both are right. And the number of people receiving a check from the government will, at this rate, eventually exceed the number of people who do not receive a check.

The reason that spending has gotten out of control is to be found in the liberals' eagerness to address social problems, and in the conservatives' eagerness to strengthen our national defense. Both have willingly given enormous power to new bureaucracy, far beyond anything envisioned by our founders.

Our founders wisely devised a system of checks and balances to keep government fighting itself so it wouldn't "eat out our substance" instead and take away our liberties. But modern politicians have given us bureaucracy more powerful than any branch of government. It can act as a legislative branch in creating new regulations, as an executive branch in enforcing them and as a judicial branch in interpreting them.

I remember being involved in an effort to fight some ridiculous regulations that were harming my wholesale distribution commodity line in 1974. I talked with several congressmen who agreed the regulations were foolish and injurious, but said they couldn't do anything about it. Years later, I happened to sit next to a high-level bureaucrat at a dinner and discovered that he worked in the agency responsible. I told him the story of what happened and he said, "The mistake you made was to go to the elected officials. We bureaucrats really run Washington."

The American writer, Mary McCarthy, shed light on this problem when she wrote, "Bureaucracy, the rule of no one, has become the modern form of despotism." And that is the difficulty of fighting the cancerous growth of bureaucracy—it's faceless. It is, indeed, "the rule of no one," so who can you fight? Who can you organize public opinion against?

The cry of the American people two hundred years ago was that "taxation without representation was tyranny." But what is over-taxation with misrepresentation?

Surely we have not deliberately elected representatives who would make a mockery of Jefferson's principle that government is best which governs least. So why do we elect people who refuse to control spending, and who, in effect, collude with other politicians to over-tax and over-regulate us?

The facts seem paradoxical: According to opinion polls, Americans don't have a very high opinion of Congress as an institution. Yet 95% of incumbent House members seeking re-election are re-elected! Think about that. We say that generally we don't trust Congress, yet we all believe our own congressman is an exception. Why is that?

Well, each incumbent congressman has tremendous tax-paid advantages over any challenger. Incumbents can use tax money to mail correspondence telling their constituents all the wonderful things they are doing for motherhood and apple pie . . . but rarely anything indicating how they actually vote on controversial issues. They have tax-paid staff helping them, in effect, campaign. And any time a new federal project is to be announced for their district, the relevant government agency makes sure the incumbent can announce it first so voters assume it's his or her accomplishment.

How appalling this would be to men like Madison and Jefferson. Their complaints about King George seem like nitpicking by comparison. They never could have imagined that "porkbarrel" spending of the taxpayers' money would be used by elected representatives to influence voters. They conceived of public service as a temporary sacrifice that people would make for the good of their country, and then they would return home to their chosen profession and live with the effects of their decisions.

"Career politicians" did not fit into their vision. But then, to be fair, neither did they imagine that taxpayers would turn into a "silent majority."

[From Channels, National Association of Wholesaler-Distributors, August 1987]

#### WE, THE PEOPLE—PART II

(America celebrates the bicentennial of the Constitution in 1987. In September, millions of people will be attending parties and buying souvenirs to commemorate this wondrous event. But, before the fireworks begin, we should honestly try to answer history's unspoken question to us: "After 200 years, have we allowed self-government to fall short of our founders' vision?" In last month's column, Louis Dehmow made the case that we indeed have fallen short. He said we have allowed career politicians and an ever-expanding bureaucracy to impose "over-taxation with misrepresentation." In the second half of his essay, "We, the People," Louis Dehmow says there are two additional areas where self-government is in jeopardy: first, we suffer "the lawyering of America"; second, we have a less interested, less informed electorate.)

#### WE, THE LAWYERS

Another area where we have allowed our democratic republic to fall short of our founders' vision is in the lawyering of America.

If career politicians and professional bureaucrats have hurt America's productivity, keep in mind they couldn't have done it without their partners, the litigious lawyers. Together, these three comprise a kind of Bermuda Triangle, wherein countless entrepreneurs and liberties sink without a trace.

Two-thirds of all the world's lawyers practice here in the United States. Some 40,000 new graduates come out of law schools each year to join the more than 700,000 already practicing. Compare that to a country like Japan, where there are only 13,000. We have one lawyer for every 360 people; they have one for every 9,300. Is it any wonder that Japan can boast a spirit of cooperation rather than contention?

American lawyers have taken the idea of the adversary process in the courtroom and applied it to everything outside the courtroom, too. Adversary law certainly is legitimate, but when you have 700,000 people engaging in it, you're asking for trouble. Indeed, we're now spending more than \$30 billion annually in legal fees in this country. That kind of "competitiveness" stifles the economic competitiveness America needs.

In the private sector, lawyers keep busy by litigating us into a worsening liability crisis. In the public sector, though, lawyers have kept busy trying to regulate us from the cradle to an early grave. The daily Federal Register, which records most government regulations, will total about 60,000 pages this year. That is more than twice the Encyclopedia Britannica. Yet Congress will spend more than \$1 billion this year drafting more laws.

Our founders understood that individual rights were only safe if ours was a system of laws, not men. But they could not have imagined it would evolve into a system where things would become so complicated and litigious that only lawyers could pretend to know what should be done. "Ignorance of the law is no excuse," we are warned. But, in truth, ignorance of the law is the great blindness in our land. The proverb says, in the land of the blind the one-eyed will be king. In this way, our lawyers have become our rulers.

#### A LESS INFORMED ELECTORATE

Self-government falls short of our founders' vision in a third way: the electorate does not have the "general knowledge" John Adams said was essential to a free society.

The percentage of eligible American voters actually voting has been in decline for a number of decades. Now, only one-half of eligible voters vote. Perhaps part of the reason fewer citizens try to be well-informed has to do with apathy. A certain amount of apathy and alienation is to be expected in a democracy, since it is a form of government based on skepticism, doubt, self-criticism and distrust of power. But it goes beyond that. A great many voters in the last two generations have put their hopes in a great leader coming to rescue us. Such hopes inevitably crash, whether in a democracy or a dictatorship, because true progress comes from individualism and community, not from politics and demagoguery.

Part of our alienation from politics also is a result of the federal government growing more and more distant as it has become more and more powerful. Americans long ago decided "you can't beat City Hall," but how much truer that seems about Washington. Sadly, our own government has come to seem as distant to most Americans as the British Parliament seemed to colonial Americans two centuries ago. Perhaps more so.

Yet all of this shouldn't really matter. No matter how powerless we may feel, millions of Americans have fought and died for freedom and self-government. It is our duty, is it not, to exercise that privilege?

But, wait . . . Do we really want people to vote if they don't care about or understand the issues. A voter may think his ignorance is bliss, but frankly, on a mass scale, it scares the hell out of me.

Clearly, our country is suffering from serious mis-education. It's not just a matter of our students not knowing who Joseph Stalin was; they also don't know about his politics of liquidating his enemies. Our children have been taught a great deal about all of the injustices in America, but they don't know why the boat people left Vietnam and why there is a Berlin Wall. Is it any wonder that in opinion polls Gorbachev rates more trustworthy than many Western elected officials?

In popular curriculum materials, democratic values are characterized as "ethnocentric." In other words, all cultures and political systems are equally valid. No one is better or worse, only "different." But this value-free-education goes beyond our schools. The mass media is an equal part of it. Television, movies, video cassettes and



rock music have produced what a Harvard sociologist called "sensate culture." The message is: Feel good. It doesn't really matter what you think.

Few classroom teachers can compete with this bombardment of sounds and images. And the values they need in their students—like integrity and industry—are under attack in this mass culture.

Recently, in scandal after scandal, we have seen the destructive power of what I call "the noose media." The resulting disillusionment of the American people—"a second malaise" was the way The Washington Post described the new mood—shows the power of the press. But where is that power in helping to inform people about the nonsensational? When we look past the superficial "news," what do we find that will improve our "general knowledge?"

Marshall McLuhan observed in the 1970s, that instant electronic communication was so powerful that the world was, in effect, shrinking into a "global village." He said the power of television was so great that the printed word was becoming obsolete. Yet he made another observation, little known, that should make us pause before welcoming this "brave new world." He said, "America is the only country ever founded on the printed word."

Will our grandchildren learn what those printed words were? Will they learn about a Constitution not created at the end of a thirty-minute TV show but as the capstone of thought beginning with a battle in Runnymede, England in 1215? I want them to know . . .

The English king found himself embattled back then. His noblemen said, wait, before we would risk our lives for you, there are certain concessions you must make. You may claim to have the divine right to rule, but we want you to guarantee us some rights as well. And so the Magna Carta, "the great charter," was negotiated. It established that the power of the king was not supreme. Later, the charter would be interpreted as the guarantee of many other liberties, including trial by jury.

The next date our grandchildren should know is 1679, when England formally recognized the writ of habeas corpus. This required a prosecutor to bring the accused into court to answer the charges against him. This safeguard against illegal imprisonment was highly revered by American colonists and was one of their grievances against the British.

Finally, they should remember 1689, when the British Bill of Rights was declared. It placed the monarchy upon a constitutional and parliamentary basis, removing from it any aura of divine right.

In these three documents, our founders saw vital principles about man's relationship to government, which they clearly defined in our own Constitution. And to make sure that relationship was clear, the first thing they did after the Constitution was ratified was to add the Bill of Rights, guaranteeing that "the rights of the people shall not be infringed."

The founders believed that God did not give any ruler a right to govern, but rather gave to all of us the right to be free. So, in America, we recognized for the first time that "rights" began with citizens, who then constituted government to protect those rights. This was the American Revolution—the triumph of an idea. It remains our challenge, as individuals, to give meaning to our God-given rights by advancing our free society. In this age, it is not a challenge easily met. Thomas Paine could just as accurately have been describing our own generation when he wrote, "These are the times that try men's souls. . . ."

But in this visionary document, the American Constitution, we have principles to guide us and sustain us. Let us draw from those principles the hope and inspiration to truly keep alive this spirit of "a new nation, conceived in liberty."

# COMMUNIST SANDINISTA BACKED PR FIRM SPEAR- HEADS ANTI-CONTRA CAM- PAIGN

## HON. DONALD E. "BUZ" LUKENS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DONALD E. LUKENS. Mr. Speaker, I rise today to share with my colleagues revealing two-part articles from the Washington Times, October 19 and 20, 1987.

The author examines why history's most popular modern President has been unable to solidify support for Contra aid. He concludes that a group called Fenton Communications has successfully "romanced and manipulated" the U.S. media to support leftist, anti-Reagan, anti-Contra policies.

The group's founder, David S. Fenton, boasts a history of radical left wing activities. He was a former member of the White Panther Party, a radical 1960's group modeled after the militant Black Panther Party. Their motto was "Rock 'n' roll, drugs and [sex] in the streets."

Clients of Fenton Communications include: Maurice Bishop, Former Prime Minister of Grenada; Miguel d'Escoto, Nicaraguan Foreign Minister; Oliver Tambo, President of the African National Congress; and Guillermo Ungo, Leader of the Salvadoran Marxist Farabundo Marti National Liberation Front.

It distresses me to know how the likes of a David Fenton has succeeded in brainwashing so many of my colleagues.

[From the Washington Times, Oct. 19, 1987]

PR FIRM SPEARHEADS ANTI-CONTRA  
CAMPAIGN

(By Don Kowet)

Sometime between Nov. 7 and Thanksgiving, the Reagan administration will begin an uphill battle in Congress for an additional \$270 million to aid the Nicaraguan resistance.

Why has the most popular president in modern U.S. history been unable to muster broader public and congressional support for his passionately pro-Contra policy?

Part of the answer may be a small public relations firm, Fenton Communications, with offices here and in New York City.

Fenton Communications—the brainchild of David S. Fenton, a former '70s radical and Rolling Stone magazine staffer—has a history of left-wing advocacy.

Between 1982 and 1984, the firm served briefly as the registered foreign agent of the Nicaraguan Sandinista government, Andreas Papandreu's Greece and Maurice Bishop's Grenada. Since June 1986, Fenton has been registered with the U.S. Justice Department as a foreign agent of Marxist Angola, currently receiving a retainer of \$18,500 per month.

Fenton has organized news conferences and U.S. publicity tours for such icons of the left as African National Congress President Oliver Tambo and the Salvadoran Farabundo Marti National Liberation Front's Guillermo Ungo. It also arranged British

Labour Party leader Neil Kinnock's latest U.S. visit and CIA renegade Phillip Agee's recent book tour.

Perhaps most significantly, however, interviews with more than a dozen sources—including activists for and against Contra aid, plus former radicals—suggest that Fenton is the pivotal coordinator of a successful, ongoing nationwide campaign to massage the U.S. media with good news from Managua.

Fenton Communications' pro-Sandinista connections include links with:

A shadowy, non-profit group that possibly funds some of Fenton's for-profit activities.

A San Francisco-based organization targeting with television ads members of Congress considered "swing" votes on Contra aid.

A network of anti-Contra aid activists with ties to the Washington-based, leftist think tank the Institute for Policy Studies.

In 1986 alone, Fenton was hired to focus media attention on three of the West Germans allegedly "kidnapped" in Nicaragua by the resistance; the Christie Institute-backed lawsuit charging resistance leaders with a criminal conspiracy involving drug-smuggling, gun-running and murder; the pro-Sandinista "Quest for Peace" coalition's fund-raising campaign, and the four Vietnam veterans' "fast for life" on the steps of the Capitol.

This year, Fenton Communications has been publicizing the efforts of a coalition called "Countdown '87," which has sponsored rock concerts in Washington, Los Angeles and New York to fight further funding to the Nicaraguan resistance and has announced a \$1 million anti-aid television ad campaign.

Despite repeated requests, Mr. Fenton, the 35-year-old president and founder of Fenton Communications, refused to be interviewed for this article. Nick Allen, director of Fenton's Washington office, also declined to be interviewed.

The relationship between Fenton Communications and the tax-exempt Central America Media Education Project—an organization that channels "information" on political and military developments in Central American countries to national media outlets—is a curious one.

According to a fund-raising letter written by radical film-maker Haskell Wexler, the media projects "works with" Witness for Peace, Medical Aid for El Salvador, the Washington Office on Latin America, the National Sanctuary Defense Fund, the Christie Institute, the Institute for Policy Studies "and dozens of others."

Mr. Wexler writes further that Mr. Fenton and Mr. Allen "directly" supervise "the day-to-day work of the media project," which Fenton Communications "carries out."

The media project, notes Mr. Wexler, isn't burdened by "all the usual organizational overhead of an office staff, phones, etc."

Every day, "media project staff" members meet with journalists, "pitching our story ideas," he says. Every week, "the media project" telephones reporters based in Nicaragua, Honduras and El Salvador "to urge them to cover stories that are not being covered," the letter continues.

Mr. Wexler touts the media project's triumphs, including "major stories" on all three nightly network newscasts and "Donahue" and "front-page articles in The New York Times, The Washington Post and other major newspapers."

Mr. Wexler's fund-raiser ends with a collage of major articles—several of them front-pagers—sparked by the media project, including Don Shannon's 1984 Los Angeles



Times piece titled "Exiles Linked to Salvador Death Squads."

"The Central America Media what?" said Mr. Shannon in an interview. "I have never heard of it, and I have no idea what that is. The way I got that story was I got a call from someone at Fenton Communications who told me [former U.S. Ambassador to El Salvador] Robert White was giving a news conference."

Several other reporters denied knowing about the media project, instead citing Fenton Communications as the catalyst of their stories.

Gary Moore, a former Atlanta Constitution newspaper reporter writing a book about Nicaragua, said he recently heard about the media project for the first time when he telephoned to ask who had paid Fenton's fees for a Fenton-arranged March 7, 1985, press conference releasing the "Brody Report," cataloging alleged Contra abuses.

Mr. Moore said he was told by a Fenton staffer that the "money for that press conference was paid out of Central America Media Education Project funds."

"Heather Foote [Washington Office on Latin America] is listed by Mr. Wexler as a media project advisory board member. In an interview, however, Miss Foote (now with the Presbyterian Church's Washington Office) said she did not have a telephone number for the media project and, for that matter, wasn't even sure if she was a board member anymore. 'It's done out of Fenton,' Ms. Foote said.

Advisory board member William Leo-Grande of American University said he didn't even remember when the last board meeting took place.

Margery Tabankin, director of the Washington-based Arca Foundation, is a media project board member. Arca's 1985/86 annual report lists a \$15,000 grant to the media project, donated through The Youth Project. Miss Tabankin confirmed in an interview that until 1977, when she became director of the Carter administration's VISTA (Volunteers In Service To America) program, she was executive director of The Youth Project.

The Youth Project—a left-leaning, Washington-based tax-exempt organization that characterizes its role as "working for social justice and peace by supporting grass-roots groups and building citizens' movements"—is a major source of funding for the Central America Media Education Project.

According to its annual report for the 1985-86 fiscal year, The Youth Project contributed "\$95,000 in supplemental funds committed from 12 sources and \$51,500 from individual contributors" to the media project. This total of \$146,500—by far the largest total Youth Project grant to a single organization—was supplemented by another \$20,000 from the Circle Fund, directly administered by The Youth Project.

The Youth Project and its donor-advised funds are perennial contributors to the Institute for Policy Studies and IPS spinoffs. IPS Direc-media project board member.

Mr. Wexler and IPS Fellow Saul Landau co-produced the 1983 film "Target Nicaragua" about alleged CIA covert action aimed at overthrowing the Saninistas. Sources said that Fenton Communications represented Mr. Wexler and Mr. Landau on their publicity tour.

"David Fenton has very good connections, especially at The New York Times with [op-ed page editor] Robert Semple," said Scott Powell, a conservative critic of IPS whose book about the think tank, "Covert Cadres," is about to be published. "Semple was a good friend of William Sloan Coffin, and IPS man," Mr. Powell said.

Mr. Semple failed to return several telephone calls.

Fenton's Washington director, Nick Allen, also has IPS links.

Until he joined Fenton Communications in October 1986, Mr. Allen was executive director of the San Francisco-based Project Neighbor To Neighbor (now called Neighbor To Neighbor Action).

Neighbor To Neighbor is a spinoff of San Francisco's Institute for Food and Development Policy, which in turn is a spinoff of IPS.

The food institute's co-founders—Joseph Collins and Frances Moore-Lappe—have been listed as Neighbor To Neighbor advisory board members along with Cora Weiss, wife of IPS Chairman Peter Weiss.

Mr. Allen used to be the food institute's projects director. In 1982, he helped Mr. Collins and Miss Moore-Lappe write a book about Nicaragua called "What Difference Could a Revolution Make?" The book portrayed the independent Nicaraguan newspaper La Prensa as a blend of "rumors" and "virulent attacks on the government," under "the CIA's influence."

Neighbor To Neighbor is a principal sponsor of the current "Countdown '87" campaign. The executive director of "Countdown '87" is Rosa DeLauro, former chief of staff for Sen. Christopher Dodd, Connecticut Democrat.

And, to complete the circle, Mr. Allen is now, through Fenton Communications, a "Countdown '87" official spokesman.

While there is no direct evidence of a link between the two, the Fenton public relations effort overlaps—and sometimes smoothly interlocks—with the work done by Agendas International, a small New York firm that serves as a registered agent of the Nicaraguan government.

In addition to arranging meetings between visiting Sandinista dignitaries and U.S. newsmen, Agendas lists among its services holding "meetings with U.S. support groups to keep advised of and make recommendations for collaboration with them."

(From the Washington Times, Oct. 20, 1987)

IT'S A LONG CLIMB THROUGH THE LEFT FOR SANDINISTAS' U.S. PRESS AGENT

(By Don Kowet)

Washington-based Fenton Communications is critical to the success of a national campaign to massage the media with "good news" from Managua.

Although the firm has provided spokesmen for several leftist regimes, an important part of its business now is promoting anti-Contra causes—in collaboration with its tax-exempt soulmate, the Central America Media Education Project.

The media project funds some of Fenton's activities, often on behalf of clients with close ties to the Institute for Policy Studies, the left-wing think tank just off Dupont Circle.

Fenton Communications, which also has offices in New York, is the latest product of 35-year-old David S. Fenton's evolution through radical ranks from the anti-Nixon, anti-Vietnam politics of the late '60s to the anti-Reagan, anti-Contra politics of the '80s. Mr. Fenton declined to be interviewed for this article, but several persons who knew him during the '70s recall his rise through the radical movement.

David Horowitz, an ex-editor of the radical Ramparts magazine who has since rejected his earlier allegiance to the left, for one, identified Mr. Fenton as a former member of the White Panther Party.

The White Panthers, a radical group formed in the '60s, was based in Ann Arbor, Mich., and modeled after the militant Black

Panther Party. The group's official motto, said Mr. Horowitz, was "Rock'n' roll, drugs and [sex] in the streets."

Another person, who asked not to be named, said he knew Mr. Fenton intimately during the early-to-mid-1970s.

A former left-wing activist close to the White Panthers, he said Mr. Fenton joined the radical Liberation News Service (LNS) in New York City in his mid-teens. "He was the LNS official photographer, the LNS 'wunderkind,'" said the source.

Mr. Fenton subsequently moved to Ann Arbor, joined the White Panther Party because editor of its newly revamped newspaper, rechristened The Ann Arbor Sun.

"The White Panthers needed a new newspaper," said the man, "because the Panther party was changing its name to the Rainbow People's Party."

But Mr. Fenton left the newspaper and the White Panther/Rainbow People's Party after a "strenuous" dispute over a plan to move the paper to Detroit.

In 1973, Macmillan published Mr. Fenton's book of New Left photographs called "Shots." Later, he became publicity director of Rolling Stone magazine.

In 1987, he joined two other former Rolling Stone staffers—ex-associate editor Howard Kohn and ex-staff writer Susan Kellam—to solicit help from rock celebrities for the defense fund supporting the lawsuit filed in behalf of the late Karen Silkwood against Kerr-McGee, the nuclear fuel producer.

Daniel P. Sheehan, one of the Silkwood attorneys, is now chief counsel of the Christie Institute, whose lawsuit against the Nicaraguan resistance leaders is a client of Mr. Fenton's firm.

On May 9, 1978, Mr. Fenton and Miss Kellam co-produced a Silkwood benefit concert at New York City's Palladium.

In November of that year, Mr. Fenton reportedly met in California with singer Jackson Browne and other activists. A corporation called MUSE—Musicians United for Safe Energy—was formed for the purpose of producing a series of five anti-nuclear power concerts held in September 1979 at New York's Madison Square Garden.

The successful rock concerts not only established Mr. Fenton's credibility as a publicist and promoter of left-wing causes—cementing his contacts at major television and print outlets—but also forged his first pipeline into powerful sources of left/liberal funding.

Reportedly, MUSE obtained no-interest loans totaling about \$350,000, primarily from philanthropist Stewart Mott and a pair of New York City foundations—the Stern Fund and the Morris L. Levinson Fund. Mr. Mott and the Stern Fund are major funders of the Institute for Policy Studies and several IPS spinoffs.

The former left-wing activist once close to the White Panthers said that Mr. Fenton's anti-nuclear efforts led to his "big break" in 1980, when anti-Vietnam War activist Abbie Hoffman emerged from his Thousand Islands hideaway in New York state. Hoffman had jumped bail in 1974, charged with selling cocaine. Mr. Fenton, by this telling, helped arrange Barbara Walters's Sept. 2, 1980, ABC interview with Mr. Hoffman.

Mr. Fenton organized his public relations firm on Jan. 8, 1982. By Feb. 18, he had signed a letter of agreement with Nicaraguan Ambassador to the United States Francisco Fiallos for a "short-duration project," publicizing Sandinista Commandante Jaime Wheelock's tour of the United States.

On July 1, 1982, Fenton Communications registered as a foreign agent of the leftist



Papandreou Greek government—the relationship ended in 1984—and in 1983 as a foreign agent of the government of Grenada to publicize the U.S. visit of the island nation's prime minister, Maurice Bishop.

Fenton arranged for Mr. Bishop to appear on ABC's "Nightline" on May 31, 1983.

"Bishop," said a person familiar with events that night, "had been totally prepared to spend a half-hour telling the American public how great Grenada was."

Instead, the broadcast focused on tales of a CIA plot to overthrow the government of Suriname and Mr. Bishop's role in taking that country to the brink of chaos. Carl Bernstein, in a filmed report, and Ted Koppel cited Mr. Bishop's advice to Suriname strongman Desi Bouterse to "eliminate your enemies or they will eliminate you."

"One night six weeks later," Mr. Bernstein reported, "Bouterse moved against leaders of the opposition, brutally."

"After the show," said the man familiar with the incident, "Bishop just stormed out. He was furious." For a while, he said, "David's credibility dropped among the people who do the major fund-raising for the guerrillas in El Salvador and for the Sandinistas."

But Fenton Communications continued to represent the government of Greece, and by the spring of 1984, a few days before the presidential election in El Salvador, the firm was sending reporters press releases giving locations and telephone numbers where Salvadoran Marxist rebel political leaders could be reached for interviews.

Meanwhile, in September 1983, a small New York City public relations firm headed by Donald J. Casey and Darryl L. Hunt—both former Maryknoll priests and ex-seminary classmates of Sandinista Foreign Minister Miguel d'Escoto—had registered as a foreign agent of the Nicaraguan government.

That firm, Agendas International, still represents the Sandinistas, receiving in the past four years payments from the Nicaraguan government totaling \$1,242,000. The agency also has reported expenses of \$1,233,000 in Nicaragua's behalf, incurred in the course of presenting Sandinista officials—and their message—to the U.S. public.

Although there is no conclusive evidence of a direct connection between the two public relations agencies, Agendas and Fenton often work closely with both the U.S. media and the network of Sandinista support groups, complementing each other's efforts.

While Fenton and the media project put media representatives together with the support groups, Agendas arranges meetings between visiting Sandinista dignitaries and U.S. newsmen.

A recent curious meeting at Managua's Intercontinental Hotel witnessed by former radical leftist Ron Radosh and two colleagues illustrates the overlapping connections of the pro-Sandinista network.

Mr. Radosh, now a college teacher, the Puebla Institute's Nina Shea and the Smith-Richardson Foundation's Devon Gaffney found a meeting in progress between a group of Sandinista officials and a prominent pair of Central America Media Education Project board members.

Mr. Radosh said the trio saw—and overheard—IPS Director Robert Borosage and William Leogrande, an American University professor, "reporting and commenting on the U.S. press and political organizations and their attitudes toward the Sandinistas" with Alejandro Bendana, secretary-general of the Sandinista Foreign Ministry, and other Nicaraguan officials.

Miss Gaffney and Miss Shea, in separate interviews with The Times, confirmed Mr. Radosh's account.

Miss Gaffney also confirmed Mr. Radosh's assertion that Mr. Leogrande told Mr. Bendana: "You don't have to worry. In two years, the U.S. will be out of Central America, and you can do what you want."

In a telephone interview, Mr. Borosage listened to a reading of the account provided by Mr. Radosh.

"It's total and complete balderdash," he said. "It's the problem of a historian turned fantasist. He doesn't lie very well."

Mr. Leogrande could not be reached for comment.

In 1984, during the visit of Nicaraguan President Daniel Ortega to the United States, Agendas International worked closely with the Committee of Concern for Central America, a group of anti-resistance Hollywood celebrities, headed by former M\*A\*S\*H star Mike Farrell, said to have been founded by "theater and literary contacts" of Mr. Ortega's live-in companion, Rosario Murillo.

The Committee of Concern handled the Los Angeles end of Mr. Ortega's Agendas-arranged tour, including a fund-raiser for the organization at the home of Robert Foxworth, star of CBS's "Falcon Crest," and his wife, actress Elizabeth Montgomery. The guests were said to include Jackson Browne and Sen. Christopher Dodd, Connecticut Democrat and a member of the Foreign Relations Committee.

A San Francisco-based anti-Contra group called Neighbor To Neighbor—whose advisory board includes to Central America Media Education Project board members—has worked closely with the Committee of Concern, producing in 1985 a controversial documentary called "Faces of War."

The Washington-based Arca Foundation, a prime funder of the media project whose head is also a project board member, provided funding both for the Committee of Concern and "Faces of War."

Until he joined Fenton Communications in October 1986 as director of its Washington office, Nick Allen was executive director of Neighbor To Neighbor. He also was executive producer of the "Faces of War" documentary.

In January 1986, Agendas International prepared a plan for the Nicaraguan government, later leaked to the press, that proposed "targeting" certain key congressmen in a media campaign designed to sway their "swing votes" against Contra aid.

Agendas never put the plan into action, but in February 1987 Neighbor To Neighbor initiated such a campaign targeting with television ads three key senators, including Nancy Kassebaum, Kansas Republican, who "flip-flopped" on Contra aid.

Sen. Kassebaum's press secretary, Larry Shalman, recalled Fenton "running a press conference in Washington where Neighbor To Neighbor aired their [anti-Kassebaum] ad."

Now the Fenton/Neighbor To Neighbor-led "Countdown '87" coalition is launching a far more ambitious reprise of the Agendas plan, targeting with television ads six "swing vote" senators and 23 House members to combat congressional aid to the Nicaraguan resistance.

David Fenton and his tax-exempt allies continues to successfully romance and manipulate the U.S. media to support leftist policies. The measure of their success is the fact that the most popular president in modern U.S. history faces long odds in his fight with Congress over further aid to the Nicaraguan resistance.

## NICARAGUAN RUSH TO THE BORDER

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. SOLOMON. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

[From the Washington Times, Oct. 20, 1987]

### SPEAKING OF WHICH

The latest word from the Nicaraguan-Costa Rican border confirms that Daniel Ortega's offer of amnesty to the hundreds of thousands of bewildered Nicaraguans who fled his regime has backfired. Agency France-Press reported yesterday that "at least 550 Nicaraguans" took advantage of Mr. Ortega's refugee repatriation plan Sunday "to do the opposite of what the program intended—flee into Costa Rica."

AFP said the Nicaraguans "took advantage of the confusion" at the Penas Blancas border post and sneaked to the Costa Rican side, where they informed a Red Cross official "they would not return to Nicaragua under the current conditions for anything in the world."

They said they did not want to be forced to join the [Sandinista] army," the official said. "Others spoke of repression, of food shortages and of persecution."

Reuters news agency, meanwhile, quoted unidentified sources in San Jose, the Costa Rican capital, as saying "as many as 5,000 refugees were expected to stream across the Nicaraguan-Costa Rican frontier in the next few days" because of last week's heavy fighting between Sandinista forces and anti-Marxist Nicaraguan resistance troops.

[From the Washington Post, Oct. 21, 1987]

### COSTA RICA STRUGGLES TO AID REFUGEES

(By Julia Preston)

LA CRUZ, COSTA RICA, October 20.—Harried Costa Rican authorities here are struggling to feed and shelter 636 Nicaraguans who surged across the border Sunday in the largest single-day influx of Nicaraguan refugees to this county.

The exodus came as President Oscar Arias, who recently won the Nobel Peace Prize, is busily promoting a regional peace plan that he wrote in part to lessen the flow of Nicaraguan exiles into Costa Rica.

Since early September the two governments have allowed family members living on opposite sides of the border to mingle on Sundays at the Penas Blancas crossing point. Nicaragua's leftist Sandinista government sponsored the reunions hoping relatives would meet with rebel fighters, called counterrevolutionaries or contras, and urge them to return to civilian life in Nicaragua.

But many Nicaraguans here said they heard Nicaraguan President Daniel Ortega speak of the border openings for the first time in a Sandinista Radio broadcast last week. The announcement came at a time when Sandinista recruiters were stepping up a new conscription campaign in southern Nicaragua, they said. Thousands of Nicaraguan young men have left the country to avoid being drafted.

A first group of 100 or so Nicaraguans pushed past a handful of Sandinista border guards early in the morning and clambered over a chain-link border fence, witnesses said. The Sandinista guards tried to stop them by shooting in the air, but no one was injured.



At midmorning Radio Impacto, a pro-Contra Costa Rican station, broadcast to southern Nicaragua that some Nicaraguans had already made the crossing, according to refugee William Mercado who heard the newscast in his home. Mercado said he sped out the door and hopped a bus to the border with nothing more than the clothes on his back.

Refugees said guards on both sides finally left the border open most of the morning so they could cross freely. Several dozen Nicaraguans paid truck drivers to drive them across, refugees said.

The Nicaraguans said they were tired of severe shortages, starvation wages and a recent military draft call.

"There's no rice, there's no soap. If I feed my children twice a day, I can only eat once myself," said Marta Alicia Grillo, an emaciated woman carrying a 2-year-old son. Grillo's husband, who also sought refuge, was called up to the Army in early September and had been in hiding for a month in their home town of Rivas, she said.

Another recent draftee, Jorge Antonio Quiroz, said he heard of Arias' peace plan but did not believe it would succeed soon enough to help him avoid military service.

"As long as that Sandinista government stays in power, it's a lie to say there will be peace," Quiroz said.

Student Melania Cordero said she left her sobbing mother at the border gate in Nicaragua to look for work as a maid in Costa Rica.

"In this country you can buy what you want and the stores have what you want to buy," Cordero explained.

In La Cruz, 15 miles south of the Penas Blancas border station, frantic Costa Rican Red Cross volunteers prepared a tent campsite for the 452 men among the refugees, being held temporarily in the cramped Sea Gull discotheque. Health workers hurried to interview and vaccinate every Nicaraguan, fearing the spread of disease.

Costa Rica now hosts about 25,000 Nicaraguans registered with the United Nations as refugees. But tens of thousands of others are living here on their own. Arias has sounded an alarm, saying a total of 100,000 Nicaraguans live in Costa Rica's national integrity.

Three weeks ago Costa Rica and Nicaragua signed an agreement with the United Nations to repatriate Nicaraguan refugees who wish to go home. The first 33 Nicaraguans returned to their country Oct. 14 under the plan, a U.N. spokesman said.

[From the Wall Street Journal, Oct. 27, 1987]

#### SANDINISTAS' BORDER CLOSING OPENS NICARAGUAN WOUNDS (By Charles McCoy)

**PUENTE LAS LAJAS, NICARAGUA.**—Here at one of the last lonely bridges on the road to Costa Rica, the Nicaraguan government is learning that a closed border can quickly become an open wound.

On Friday, the Sandinista government canceled a program that for the previous four weekends had allowed thousands of Nicaraguans to cross into Costa Rica for a few hours to see relatives who have taken refuge there. Officials gave many reasons, but the real one seemed to be that many people who crossed the frontier kept on going, seeking asylum themselves.

The border troubles are an embarrassment for the Sandinistas and an indication of the unexpected problems being caused it by the peace accords signed in August by the Central American presidents. Allowing cross-border visits wasn't specifically called for in the accords, but it seemed a popular

goodwill gesture. To draw back now is "quite unfortunate timing for the peace process," says a Western European diplomat in Managua.

The closure order didn't altogether stem the impulse to leave. By 7 a.m. Sunday, a strange parade of more than 1,000 poor campesinos was marching from the town of Rivas toward the border about 15 miles away, some beating sticks on the ground, some swinging machetes lazily. They got as far as this bridge, where two dozen soldiers behind barricades trained automatic weapons on them. Before the morning was over, there would be a bit of blood and an eloquent display of some of the pressures clawing at Nicaraguan society.

#### APPEAL TO ANGELS

"So it has gotten this bad," sighs Marta Elena Alvarez, a peasant woman balancing a bag of corn cobs on her head and a baby on her shoulder, as she watches the crowd inch toward the soldiers. "When will the angels come to save this forsaken country?"

The events at the border indicate that, less than two weeks before the deadline for completing some of the accords' conditions, thousands of Nicaraguans are more eager to flee than to wait around to see if peace and democracy break out. On Oct. 18, an estimated 1,200 Nicaraguans took advantage of the border program to stampede into Costa Rican refugee camps. Another 3,000 people were pushed back by Sandinista troops.

"These people feel they have no future here," says Mario Rappacioli, a right-wing opposition politician in Managua. "They don't believe the present government is capable of bringing peace."

The Sandinistas say they closed the border because Costa Rican officials were encouraging Nicaraguans to seek sanctuary, a charge the Costa Ricans deny. Over the weekend, the Sandinistas also accused the Honduran army and U.S.-backed Contra rebels of interfering with an identical border program at Las Manos, along the Honduran frontier near several Nicaraguan refugee camps. Many diplomats in Managua viewed the charges as a prelude to closing that crossing, too.

#### CIRCUMVENTING RED TAPE

Technically, Nicaragua permits its citizens to emigrate. But they must have a passport, and fighting the bureaucracy to get one can take months. Young men can't leave without proving they've completed their military service. Thus, the open-border program was an opportunity to short-cut the regulations. The Nicaraguans who flocked to do so Sunday were simple people who have always been poor. Politics has little meaning for them, but war and hunger do, and they are sick of both.

"I am a campesino," says Augusto Diaz, a weathered herdsman in a battered straw hat, whose palms are scarred with rope burns and cuts. "I don't like the government. I don't like la Contra. I just want to live in peace and have beans to eat, but I can't do that here any more."

Heading out from Rivas, the pilgrims are an odd collection: old women with cloth bundles across their backs, teenagers full of bluster and a few men pushing wood-wheeled carts.

"What can they do against the thousands we have with us here?" shouts 17-year-old Luis Henriquez, who has walked and hitchhiked the 100 miles from Managua to visit his mother and two brothers in Costa Rica. "We can die of hunger or we can die of bullets."

#### UGLY RUMORS

Suddenly, shots, Sandinista police, quickly reinforced by a small squad of army regu-

lars, have driven from behind, parked their jeeps at the head of the procession and begun firing more or less into the air. They tell the marchers to go home. A teen-age boy is propelled by a surge in the crowd toward a young, frightened-looking policeman. The policeman cracks the boy with a rifle butt across the cheek, opening a bloody gash. Later, rumors ripple through the crowd that the teen-ager died from the blow.

The police and the troops issue more warnings and withdraw further south, toward the bridge. Soon, the crowd again begins to move in that direction. "They treat us like dogs," roars Mercedes Lopez, who has come from Leon.

According to government statistics, about 400,000 Nicaraguans—15 percent of the nation's population—have fled since the Sandinistas brought down dictator Anastasio Somoza in 1979. That is one of the greatest population flights in modern Latin American history. The wealthy and professional classes got out first, but now a lot of ordinary people, including youths trying to dodge the draft, are leaving.

The bitterness found in this crowd isn't universal. The Sandinistas still have support in much of the country, though the war and a ruined economy have eroded their popularity. Even here on the road to the border, hatred of the government doesn't translate into support for the U.S.-backed Contra guerrillas.

#### TWO SIDES, ONE FATE

"I won't fight for the government, and I won't fight for the Contras," says a 16-year-old named Humberto Ruz. He has had brothers killed fighting for both sides. "Either side you fight for, you end up just as dead."

About 25 yards from the foot of this bridge, the parade halts. A local Sandinista political official with a bull horn exhorts the crowd to turn back. He is jeered. "The soldiers on the bridge have orders to not permit you to pass—that's the way it is, comrades," the official says.

The crowd mills. Enterprising businessmen wheel ice cream carts through it. Slowly the people advance to the bridge entrance, about 10 yards from the wall of soldiers. "What's going to happen to us?" ask a worried Anna Maria Castro.

Nothing. This crowd isn't looking for a fight. People chant and taunt for a few minutes, then clamber aboard trucks sent by the Red Cross to take them back to Rivas. "But we'll be back next week," says Luis, the youngster who earlier talked about the distinction between starvation and death by bullets. "Today, I prefer to die slowly."

#### NATIONAL FORMER PRISONER OF WAR RECOGNITION DAY

#### HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. APPLEGATE. Mr. Speaker, I am introducing today a resolution which would establish next April 9, 1988, as "National Former Prisoner of War Recognition Day." Joining me as original cosponsors of this measure are Representatives BOB McEWEN and WES WATKINS.

Mr. Speaker, earlier this year, I introduced a similar resolution, House Joint Resolution 155, which designated last April 9 as "National Prisoner of War Recognition Day." Over 130



Members signed onto this measure. On March 31, a similar measure, Senate Joint Resolution 47, was passed by the House, due much to the help of Representative MERVYN DYMALLY, chairman of the House Post Office and Civil Service Subcommittee on Census and Population, and Representative CONNIE MORELLA, the ranking minority member of the subcommittee. I'm pleased that we were able to find a day to recognize America's former POW's.

Next April 9 will mark the 46th anniversary of the fall of Bataan in the Philippines during World War II, an event that is remembered by thousands of American veterans who were taken prisoner and imprisoned for nearly 4 years. I would like to continue the tradition that we established this year by creating, once again, a special day for recognizing America's former POW's. I kindly request the support of my colleagues on this measure.

#### A TRIBUTE TO ELIZABETH KILLINGER

#### HON. C. THOMAS McMILLEN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. McMILLEN of Maryland. Mr. Speaker, I rise to commemorate an individual in my district who has exemplified the spirit of giving to others.

This lady is Elizabeth Killinger, a neighbor of mine, who was recently selected as Crofton Citizen of the Year. Mrs. Killinger has lived in Crofton for over 20 years. During this span, she has served admirably in a number of civic organizations.

As membership chairwoman of the Crofton Swim and Tennis Club, Mrs. Killinger was responsible for a membership roster of over 2,000. She has also been the president of the Federated Woman's Club and the Crofton Village Garden Club.

From her work in these organizations, those of us who live in Crofton daily enjoy the fruits of Mrs. Killinger's labors. She was personally responsible for the flowers and shrubbery at the Back Lake in Crofton. Her work has also beautified the common areas of Crofton. In addition to her work in the community of Crofton, she has also taken an active interest and leadership role in preserving portions of historic Anne Arundel County, MD.

The work of Elizabeth Killinger has been enjoyed by many in my district and my community, Mr. Speaker. It is a pleasure to call the attention of the House to her selection as Crofton Citizen of the Year.

#### A CONGRESSIONAL SALUTE TO ROBERT J. TARLTON

#### HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. YATRON. Mr. Speaker, I rise today to pay tribute to Mr. Robert J. Tarlton of Lansford, PA. On November 14, 1987, Mr. Tarlton will be honored by the Panther Valley Chamber of Commerce as its "Citizen of the Year."

Robert J. Tarlton is clearly deserving of this award. He is well known in our area for his business achievements and his commitment

to public service. Mr. Tarlton has had a long and successful career in radio and television. From 1933 until he volunteered to serve in the Army during World War II, Mr. Tarlton operated a successful radio sales and service business. Upon returning from the war, he quickly recognized the many benefits of a new technology—television. In the late 1940's, Mr. Tarlton developed and installed in the Panther Valley the first multichannel coaxial cable system to be operated as a viable business. Mr. Tarlton built on his success in the Panther Valley by helping establish cable systems in a number of States. His system was the precursor of the cable television systems now used throughout America.

Robert Tarlton has received many well-deserved honors for his contributions to cable television. He was a founding member of what is now the National Cable Television Association and the Pennsylvania Cable Television Association. In recognition of his many achievements, both organizations have honored Mr. Tarlton for his invaluable work in the development of cable television.

Mr. Tarlton also remains active in local community affairs. He is a member of the Lansford AMVETS, the American Legion, the VFW, the BPO Elks, the Lansford Volunteer Fire Co., and the local Rotary Club. He is also now serving as coordinator of the Carbon-Schuylkill Community Hospital Association. He remains dedicated and committed to helping his fellow citizens.

I can think of no individual more deserving of selection as the Panther Valley Chamber of Commerce's "Citizen of the Year." Robert J. Tarlton is an outstanding individual who has made invaluable contributions to the Panther Valley and to the development of cable television throughout our Nation. I know that my colleagues will join me in honoring Robert J. Tarlton on this important occasion and in wishing him continued success and good fortune in the years to come.

#### COURAGE

#### HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. RITTER. Mr. Speaker, courage, especially in time of conflict, is a great virtue. When that courage is manifest in the midst of great fear, the value and worth of the courage are proportionately enhanced.

Airman, the magazine of America's Air Force, recounted the story of the sixth combat mission of Francis Gallagher, B-24 radio operator-gunner, in its issue for September 1987. Cpl. Frank Gallagher kept a diary of his 35 combat missions from October 1944 through April 1945 for his daughter Barbara who was 2 years old at the time. He wrote a prologue for his diary "just in case" he would never see her again.

Throughout these 35 combat missions, Frank admitted that he was "scared most of the time." On his sixth mission, November 5, 1944, in a B-24 nicknamed Lonesome Polecat, Frank was terribly frightened. He had just been promoted to buck sergeant.

On this mission, to clear out a large concentration of German troops who were harassing a unit of guerrillas in a Yugoslav valley,

no one reckoned on the Germans' mobile antiaircraft guns. Frank wrote: "Their fire was the most accurate I've seen to date." With the deputy lead plane shot down, carrying two majors, two captains, and a lieutenant along as observers, Sergeant Gallagher endured fire, bomb-bay doors that would not close, his plane tossed like a toy and a small fire which he put out on his own flight deck.

The Lonesome Polecat limped back to base, late and alone. Frank Gallagher wrote in his diary that he wanted no more days like this. But in terrible fear, he remained at his post, carried out his duty and responded to emergencies. Mr. Speaker, it is quite fitting that the House of Representatives bestow the honor of acknowledgment on this man of courage.

#### A CONGRESSIONAL SALUTE TO STEVE G. PODESTA

#### HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. ANDERSON. Mr. Speaker, I rise today to honor a distinguished business and civic leader in my district, Steve G. Podesta. Steve will be honored on November 13, 1987 by the Harbor Association of Industry and Commerce at their ninth annual "Salute to Industry" Awards Banquet. Steve was chosen as this year's honoree based on his dedicated service to the South Bay area over a long period of years. This auspicious occasion gives me an opportunity to express my appreciation for his work on behalf of the Ports of Long Beach and Los Angeles as well as the surrounding community. Steve Podesta epitomizes the image of the dedicated community servant.

Born in Los Angeles, CA, Steve has proven over the years his commitment to the overall commerce of the South Bay Area. He started his career working for the Douglas Aircraft Co. in Long Beach during World War II, and continued with the company until he became self-employed in 1961. Since that time, he has been involved in a whole host of business endeavors and commercial organizations. Among the long list of Steve's impressive accomplishments: board chairman of the BSP Development Corp.; director of the Bank of San Pedro; coowner of Helitrans; coowner of Podesta-Moller and Associates; senior vice president of Professional Satellite Imaging Corp.; as well as board chairman and director of Renegy International Corp. Steve has also served as a real estate developer and an industrial/manufacturing consultant.

While dedicated to a career in financial and business organizations, Steve has given an enormous amount of his time and energy to various civic duties. In addition to his participation in professional organizations, such as the San Pedro Community Development Advisory Committee, and the Harbor Association of Industry and Commerce, which he served as president and director, Steve has also been active in the Rotary Club of San Pedro and the Harbor Occupational Center Citizen's Advisory Committee. He has made significant contributions of time and energy to the Bay Harbor Hospital, Port of Los Angeles-Long Beach Marine Square Club, and the San



Pedro Chamber of Community Development and Commerce. Clearly, Steve's numerous accomplishments highlight the truly remarkable contribution he has made toward the betterment of our community.

My wife, Lee, joins me in extending our warmest congratulations to Steve G. Podesta on this special occasion. His many years of community service and civic duty are an inspiration to us all. We wish Steve and his wife Doris, whose own accomplishments are equally impressive, all the best in the years ahead.

## WAR POWERS AND THE PERSIAN GULF

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. BROOMFIELD. Mr. Speaker, there have been numerous calls in Congress for application of the War Powers Resolution of 1973 to the situation in the Persian Gulf. Under the War Powers Resolution, the President would be required to withdraw United States forces in 60-90 days from situations abroad in which there are hostilities or in which imminent involvement in hostilities is clearly indicated by the circumstances, unless Congress authorizes continued deployment.

In politics as in military operations there is always a tendency to fight the last war. Unfortunately, the consequences in politics can be equally severe.

The War Powers Resolution was a belated reaction to the involvement of United States forces in Indochina. Having permitted successive administrations to expand and extend the United States combat role in Indochina, Congress attempted to prevent such a commitment of forces from occurring again without explicit Congressional authorization.

The War Powers Resolution thus attempts to shift the action to Congress. But Congress has seldom shown an ability or willingness to act in such circumstances. Look at where we are today. Months after commencement of United States naval operations to protect the reflagged Kuwaiti tankers, the Congress has still not acted to resolve the War Powers issue with regard to Persian Gulf operations.

The fact is that the President must have the authority to commit United States forces in order to support United States foreign policy and defend United States national security interests. Attempting to require congressional authorization stands the matter on its head.

I commend to my colleagues an excellent column on this subject by Edwin M. Yoder of the Washington Post, which appeared in the Atlanta Constitution on October 20, 1987.

### WAR POWERS RESOLUTION DOESN'T APPLY IN GULF

(By Edwin M. Yoder)

WASHINGTON.—Ever since the Reagan administration agreed last spring to put American flags on Kuwaiti oil tankers and provide them with an escort of U.S. warships, Congress has fumed that the 1973 War Powers Resolution is being ignored.

The reasons vary. Some senators claim that Congress really wants to share responsibility if something goes wrong—a claim too incredible to take seriously. Others seem to say that this dubious "act" should be enforced because it is there, like Mount Everest.

In the War Powers Resolution, Congress said in essence that a president who puts U.S. armed forces in danger of "imminent hostilities" must give notice to Congress. Then Congress has 60 to 90 days to approve or not.

The resolution was, in effect, an ex post facto comment by Congress upon the origins of U.S. involvement in Vietnam—just as the obstructive Neutrality Act of the 1930s (which, until amended, kept Franklin Roosevelt from selling arms to the anti-Hitler forces in Europe) was an equally misguided comment on how we got into World War I.

But the implication that Congress was dragged unwarily and unwillingly into Vietnam is silly. Congress was a willing, even eager, collaborator from the start—from the Gulf of Tonkin Resolution to a very late stage of the debate.

In today's Persian Gulf policing exercise, it is hard to believe that even Congress, meddlesome as some of its members like to be in foreign policy, would ever require a president to pull U.S. naval forces out of the Persian Gulf, where they have been active since the late 1940s.

Another difficulty is that the terms of the War Powers Resolution are vague. "Hostilities," for instance, are not defined. The enforcement mechanism—a joint resolution, without presidential signature—has been cast in some constitutional doubt by the Supreme Court decision on legislative vetoes. (The court said that acts having the force of law must—unlike joint resolutions—be submitted to the president for his signature.)

Every president since Richard Nixon, who vetoed the act, has questioned its constitutional validity. It has been formally invoked only once in the deployment of U.S. Marines at the Beirut airport Congress then "gave" President Reagan 18 months. But that did not silence a running commentary that finally intimidated the administration and forced a sudden, shameful pullout.

Jimmy Carter did not bother to invoke the War Powers Resolution when he tried the rescue mission in Iran. Nor did Reagan when he invaded Grenada or bombed Libya. These operations were far more clearly "hostile" than escorting tankers in the Persian Gulf, but were short-term operations not likely to exhaust a 60-day limit. Another puzzle.

The fixation on the War Powers Resolution is hard to understand. Congress, after all, is at liberty to express its view of any presidential use of U.S. forces, anywhere, without waiting for the War Powers Resolution. Congress has ample powers of the purse to put an end to any expedition it wishes to. And it can impeach any president who flagrantly disregards its will on the expenditure of public monies.

In practice, of course, no one expects any such bruising showdown. Two hundred years of pushing and shoving between presidents and Congresses have left the question of war-policy paramountcy in suspension. That was true of arguments stretching from Washington's neutrality proclamation in the war between France and Britain to the dispatch of U.S. armies to Korea and Vietnam.

Congress no doubt finds its frustrating that presidents always have the upper hand, because they can act expeditiously and because the movement of troops or ships is inherently an executive function.

In its nature, the Persian Gulf question is for those reasons and others a presidential judgment call. Congress' best option, unless it wants to wheel out the really big guns, is to observe and grumble: a familiar function, if not so constitutional as it might wish.

## NATIONAL FOOD BANK WEEK

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LELAND. Mr. Speaker, I have introduced House Joint Resolution 368 which designates the week of November 8 through 14 as "National Food Bank Week." For the benefit of my colleagues, I would like to share articles published by both the Christian Science Monitor and USA Today regarding contributions by food banks to feed the hungry in our country. With Thanksgiving on its way, it is time not only to count one's own blessings but to support those who are extending a helping hand to the less fortunate. I urge my colleagues to cosponsor House Joint Resolution 368 and give food banks the recognition they deserve.

[From USA Today, Oct. 27, 1987]

### USA'S FOOD BANKS FACE BELT-TIGHTENING

(By John Bacon)

Lunch is on the house at the Gospel Church of God on the Bronx's Grand Concourse in New York.

Each day more than 500 people dig in to spaghetti, chicken or "whatever we can get our hands on," says Edwin Curley, retired airman and volunteer lunch monitor.

The program is one of hundreds supplied by Food For Survival, New York's regional food bank. But Food For Survival, like many food banks across the USA, is scurrying for winter stocks in the face of increasing need.

Adding to collection woes, corporate belt-tightening and an unfriendly tax law. Food banks are fighting back.

A bill in Congress would declare Nov. 8-14 National Food Bank Week—in time for Thanksgiving collections.

St. Louis Boy Scouts try next month to collect more than 1 million pounds of food for the area food bank.

Raley's grocery store chain in California and Nevada is selling \$1 and \$5 tax-deductible coupons to shoppers. Raley's will use the money to buy food at wholesale prices for 32 non-profit food banks.

Food banks are suffering from cuts in corporate generosity—a main source of food and money.

Federal tax revision trimmed breaks for donations.

High-priced corporate takeovers put new pressure on the "bottom line."

Production is more tightly controlled, meaning less excess to give food banks. And food with packaging flaws, once ticketed for food banks, now is sold through intermediaries to prisons, hospitals and other institutions.

"Companies are under tremendous pressure to squeeze more out of every dollar," said Phil Warth, director of Second Harvest, the nation's food bank clearinghouse. "There's not much we can do about it—we don't make the food."

"What hurts is that so often in pays for the companies to just throw the food away," said Sandra Lewis, Food Lifeline director in Seattle. "We're competing with the trash can."

Second Harvest expects to increase collections by 15 percent this year—down from last year's 28 percent growth.

Many regional food banks are more severely hit. The Los Angeles Regional Food Bank, among the USA's largest with distri-



butions of 2 million pounds a month, reports a 50 percent drop in local donations.

"With companies becoming more bottom-line oriented, they just don't have so many leftovers," says Charmeen Wing, director of the Los Angeles effort.

Winter's approach has some cities in colder areas shuddering. "People need cash up front to pay the oil man, the coal man, or whoever," says Jean Machenberg, director of the Central Virginia Food Bank in Richmond, Va. "When it's heat or eat, people heat."

That sends people to agencies supported by Machenberg's food bank, which distributes up to 4 million pounds of food annually. This year, donations are down 20 percent.

Food For Survival, like food banks in Seattle and St. Louis, expects 1987 donations to match 1986. All, however, had hoped for increases.

In St. Louis, food bank spokesman Bill Donovan estimates that need will rise 15 percent this year.

[From USA Today, Oct. 27, 1987]

#### SECOND HARVEST GREW INTO A NATIONAL EFFORT

(By John Bacon)

John van Hengel started Second Harvest, now the USA's largest charity food program, because he saw a lot of wasted food and a lot of people who needed it.

Van Hengel was working in a Phoenix soup kitchen in the early 1960s, collecting leftovers from local grocers in a battered truck.

"We brought in more than we could use, so we would drop it off at other missions," says van Hengel, a retired sporting goods representative. In 1967 he obtained a small warehouse to store supplies so other local missions could pick up their supplies.

Soon organizations in Seattle and Pasadena, Calif., were asking for van Hengel's help. The idea spread. In 1976 the federal government funded the start-up effort to make Second Harvest the national food bank clearinghouse.

Now Second Harvest collects food and helps food banks nationwide organize collections from national corporations such as Campbell Soup Co. and General Foods Corp. It also certifies food banks, monitoring storage facilities and bookkeeping practices.

In 1979 Second Harvest distributed 2.5 million pounds of food. This year the group and the 200-plus certified food banks nationwide will distribute more than 350 million pounds of food.

Van Hengel said he became involved in hunger programs out of a "horrible need to be needed."

Today, van Hengel, 64, operates International Foodbanking Service Inc. He recently returned from a consulting trip to Paris and Brussels: "I got treated like a king over there. Not bad for a retired old goat."

[From the Christian Science Monitor, Oct. 27, 1987]

#### AMERICA'S BOUNTY KEEPS FOOD BANKS BUSY

(By Mary B.W. Tabor)

Boston.—"If it's not fresh, it's not legal." That's the motto of the Legal Seafood restaurants, promising just-caught fish for finicky palates. Unfortunately, it also means that what's not eaten at the end of the day must go.

Across the country, restaurants, farmers, grocers, and manufacturers face tons of surplus, slightly damaged, or unwanted food that US standards deem "edible but unmarketable." Although a portion of the food

will be redistributed by food banks or relief groups, most of it—approximately 137 million tons of it each year—will go into trash.

Who's to blame? Everyone, says Westy Egmont, head of the Boston Food Bank. In the food business, he says, "waste happens at every stage."

Not only do statistics show that 20 percent of the food produced in the US is lost between the field and the table, but Mr. Egmont says approximately 20 percent of the food prepared in America's kitchens is never eaten. Reports from a study at the University of Arizona say about \$11.7 billion worth of edible food is wasted in US homes each year. That's enough to feed all of Canada, the report says.

Meanwhile, with federal food-program funding cut by more than \$12 billion since 1980, at least 20 million Americans—ones who could have turned to foodstamps or school lunches for a square meal a decade ago—are now insufficiently fed, according to government figures released yesterday.

In a nation where plates are, more often than not, piled high with food that no one is expected to eat, malnourishment is absurd, says Egmont. So his organization—affiliated with some 200 other food banks in a network called Second Harvest—is trying to put a little sense back into the system.

Tucked back in an old warehouse in the Roxbury section of Boston, the six-year old Boston Food Bank serves as a non-profit clearinghouse for food solicited from the private sector. Food made unmarketable as a result of mislabeling, overproduction, or other superficial flaws is donated to the Food Bank. It is then stored, triply checked, and redistributed on a daily basis to some 600 qualified charitable groups.

So far this year more than 4 million pounds of donated and surplus food have passed through the BFB, valued at approximately \$8.5 million. And in keeping with Second Harvest's policy of "tight-ship" management, BFB, which charges its shoppers 12 cents per pound of food, spends only \$1 for every \$121 worth of food distributed.

Food banking can help solve the problem of redistribution, but as Egmont suggests, one of the basic causes of waste is lack of responsibility. There are, however, some exceptions to this rule.

For example, Legal Seafood's owner, George Berkowitz, developed a "quick chill" system to help redistribute the unused food. Some of Legal's chefs volunteer Saturdays to prepare high-protein meals. The meals are extremely popular with the soup kitchens, says Kristin Stangeby, who runs the selling floor.

On the college level, Smith College in Northampton, Mass., has a system in which a student can notify the college dining services when she is going to miss a meal during vacation periods. Smith then donates 10 cents for that meal to the Western Massachusetts Food Bank and at the same time, avoids wasting a helping.

Tufts University, outside Boston, has also adopted a program to help students take responsibility for food waste. Excess prepared food is taken daily from the dining halls to a local soup kitchen.

Egmont says that while the food bank concept may be "the most logical, immediate 'band-aid available' for food waste, there is no substitute for government programs. And the problems of overproduction, poor distribution, and hunger will continue until the US has a more economically just society, he says.

Other problems, he says, are that in a culture oriented toward highly processed food, serving sizes are predetermined by the packager. A single-serving package can sometimes hold enough for two, and most Ameri-

cans, he says, tend to throw out leftovers after a day or two. He also attributes excessive waste to American trendiness. As long as a product is in vogue, he says, retailers can not keep enough on the shelf. When the fads change, a surplus is almost inevitable.

That's when the food bank comes to the rescue. "[At BFB,] we just watch for the trendy ads and then wait for the food to come in."

#### A TRAGIC CASE

#### HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LEVINE of California. Mr. Speaker, I would like to bring to my colleagues attention the tragic case of CWO Martin F. Gaffney, U.S. Marine Corp, and his wife and family.

Tragically, Mrs. Gaffney, and their infant son, John Martin Gaffney, have died of AIDS. Martin Gaffney tests positive for the HIV or AIDS virus. Only the daughter Maureen Gaffney has not been infected with this virus.

Currently, Chief Warrant Officer Gaffney and his family have a claim filed against the United States pursuant to the provisions of the Federal Tort Claims Act, and are seeking damages. They charge that this tragedy resulted from a blood transfusion Mrs. Gaffney received as a result of mismanagement of her first pregnancy by the naval medical system.

Mrs. Gaffney first became pregnant in late 1980, with a projected due date in August 1981. However, her pregnancy was allowed to go beyond her due date, the claim states, despite inquiries by Mr. Gaffney regarding inducing labor. I wish to note, Mr. Speaker, that it can be medically unwise to allow a pregnancy to progress indefinitely, because the placenta can begin to deteriorate, and fail to provide adequate support for the fetus.

Almost a month after her due date, Mrs. Gaffney began to experience pains, and Mr. Gaffney took her into the emergency room at the local naval medical facility. The claim states that after being examined by a nurse, who apparently consulted a physician by telephone, Mrs. Gaffney's pains were diagnosed as a false alarm and she was released. At that time, the nurse noted that there were fetal heart tones, indicated that the infant was alive. Two days later Mrs. Gaffney again experienced pains and went into the emergency room. During this second visit to the emergency room, there were no fetal heart tones, and after unsuccessful attempts to induce labor, the infant was delivered stillborn by cesarean section. At this time, Mrs. Gaffney was given two units of blood, including the unit believed to be infected by the HIV virus.

The Gaffney's claim charges that Mrs. Gaffney's pregnancy was not properly monitored, and that if it had been, and she had been delivered in accordance with generally accepted standards of medical practice, the infant would have lived, and Mrs. Gaffney would probably not have required the transfusions. However, according to the claim, as a result of the delay in delivery, the infected blood was administered to Mrs. Gaffney, infecting her, Mr. Gaffney, and a future child, John Martin Gaffney.

In addition to successful resolution of his families' claim, Martin Gaffney would like to



see changes made in the military medical system which will protect other individuals and families from tragedies such as his family has suffered.

The Department of Defense is making progress in improving the military medical system, and the Armed Services Subcommittee on Military Personnel and Compensation has held several hearings across the country examining this problem. I wholeheartedly commend these important actions.

One important change in the system would be to encourage rigorous monitoring of the quality of medical care by allowing active duty personnel to bring claims directly for medical malpractice. Under current law, active duty personnel cannot file claims against the Government for malpractice. For example, the Gaffney's claim is based on the medical care that Mrs. Gaffney, a dependent, received. However, active duty personnel who claim to have received substandard care do not have this vital recourse to the courts.

H.R. 1054 and S. 347 would make this important change. The House Judiciary Committee has conducted hearings on H.R. 1054, and the bill has been placed on the House Calendar. Additionally, the Subcommittee on Military Personnel and Compensation, which does not have direct oversight, conducted a hearing this summer, at which the Department of Defense proposed a compromise plan which would allow for adjudication of claims by active duty military personnel.

Mr. Speaker, we must do everything possible to insure high quality medical care for those who protect our country. I strongly support H.R. 1054, and urge its passage.

#### UNITED STATES-CANADIAN FREE TRADE AGREEMENT

#### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. HAMILTON. Mr. Speaker, I would like to insert my Foreign Affairs Newsletter for October 1987 into the CONGRESSIONAL RECORD:

#### UNITED STATES-CANADIAN FREE TRADE AGREEMENT

On October 3, the U.S. and Canada concluded a Free Trade Agreement (FTA). The two economies, closely intertwined, are the world's largest trading partners. Almost 80 percent of Canada's exports come to the U.S. and 20 percent of U.S. exports go to Canada. Trade has built strong ties between our two countries but has also created frictions. Since 1983, the U.S. has run a major trade deficit with Canada. Rising protectionism has led to numerous trade disputes which have threatened to escalate into an all-out trade war.

The FTA is meant to remedy these problems and to prevent new ones. By halting protectionism and opening trade opportunities in goods, services and intellectual property, the FTA could provide a stimulus for the new round of global trade negotiations now underway, and make our close trade ties with Canada even closer. The FTA will increase competition. The hope is that over time it will strengthen both the U.S. and Canadian economies and create thousands of new jobs. My sense is that the FTA will create more winners than losers.

Under special "fast track" procedures, the President has until January 3, 1988 to sign

an agreement which he must then submit to Congress for approval, probably early next spring. The House and Senate will have 60-90 days to consider the pact and vote on it, up or down; no amendments are permitted. The treaty is likely to be approved both by Congress and the Canadian Parliament, but not without contention.

**Tariffs:** The heart of the FTA is the removal of tariffs. Eighty percent of Canadian exports to the U.S. and 65 percent of U.S. exports to Canada are already duty-free. Existing Canadian tariffs average double those in the U.S., and some are much higher. The FTA will phase out all remaining tariffs. Some will be eliminated in January 1988, others within three years, and the remainder by 1998. The longer phase-in period will allow time for industry adjustment. Some short-term dislocation may result, but tariff elimination should boost long-term efficiency and growth.

**Non-Tariff Barriers:** Limited progress on remaining non-tariff barriers is perhaps the FTA's single largest shortcoming. Negotiators were unable to bridge the gap between widely varying U.S. and Canadian views on subsidies. Nevertheless, some important progress was made. Canada agreed to tighten the 1965 U.S.-Canadian Auto Pact guidelines to prevent foreign auto producers (largely Japanese and Korean) from receiving duty-free concessions. Unofficial Canadian auto content rules will be replaced with a 50 percent North American provision which will benefit U.S. suppliers. In services, each country agreed to give the other the same treatment they provide their own nationals. Substantial progress was made in financial services where differing banking regulations presented a barrier to competition. These concessions will help the U.S., which enjoys an advantage in service trade with Canada.

**Energy:** Canada's proximity and vast resources make a stable energy supply relationship a major U.S. objective. Under the FTA, Canada will guarantee less volatility in energy exports to the U.S. In return, the U.S. will allow Canada limited access to Alaska's North Slope oil. This trade-off has raised concerns in both countries. Many Canadians believe it is one-sided; some Americans insist that exclusive U.S. access to Alaskan oil must not be relinquished. National security interests in Alaskan energy are important, but the gains from long-term U.S. access to Canadian energy resources should not be overlooked.

**Investment:** Nearly half of all Canadian industry is owned by foreigners, three-fourths of whom are American. Concern with foreign ownership led Canada to enact numerous investment restrictions, including "performance undertakings" (requirements for exports, local sourcing and domestic content) and limitations on foreign holdings. The FTA will eliminate Canadian minimum equity rules and performance undertaking requirements. U.S. companies will receive the same treatment for new acquisitions as Canadian companies. Canadian "cultural" industries, such as broadcasting media and publications, will be exempted. The Canadians remain deeply sensitive about issues of sovereignty and fear that their cultural identity will be overrun by a surge of Yankee influence from the south.

**Dispute Settlement:** The FTA creates a controversial binational dispute settlement mechanism to replace review by national courts. The tribunal will consist of five experts—two U.S., two Canadian, and a mutually agreed-upon fifth party, who will review contested trade dispute rulings by U.S. and Canadian authorities. The national laws of each country will be applied, but the binational tribunal will have the final say. Constitutionality questions raised by this

provision must be addressed before the FTA is sent to Congress.

The FTA is not perfect. It has shortcomings as well as positive aspects. Many non-tariff barriers will remain, especially in agriculture where progress must await developments in the new round of global trade negotiations. However, U.S. trade with Canada is likely to increase significantly. Winning U.S. industries will include autos, telecommunications, computers, financial services and many small manufacturers now hurt by trade barriers. Losers may include metal and energy-extraction industries, and U.S. shippers, who fear the FTA could expand Canadian maritime opportunities in the U.S. market.

Canada is a close ally and neighbor with whom we share the world's longest undefended border. Over the years we have enjoyed unequalled cooperation on a broad range of issues. The FTA represents an ambitious new frontier for our relationship. The coming debate will focus not only on the FTA, but on the future of overall cooperation between the U.S. and Canada. The broader question is whether the FTA will move the world in the direction of competing trade blocs or set a precedent for a new round of trade liberalization.

#### BUILDING A NEW PARTNERSHIP FOR THE AMERICAS

#### HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. RICHARDSON. Mr. Speaker, I would like to alert my colleagues of a speech by Presidential candidate Gov. Michael S. Dukakis, "Building a New Partnership for the Americas." This excellent speech calls for strong foreign policy. It calls for support of the Arias peace plan. It calls on this country to promote human rights and democracy around the world.

#### BUILDING A NEW PARTNERSHIP FOR THE AMERICAS

(Speech by Gov. Michael S. Dukakis)

I am an internationalist. I believe that the United States must be deeply and actively engaged in what's going on in the world.

That we must be tough and strong and involved—in our hemisphere, in our relations with the Soviet Union, in the Middle East and Far East, and in the world economy.

Of course, it's easy to talk about being tough and strong and involved. We've been getting that kind of rhetoric from the White House for nearly seven years.

But it's another thing to be tough; to be strong; and to use our strength for the right reasons and the right goals and the right objectives and the right values.

And wandering around the world like a lonesome cowboy is no substitute for a strong and coherent foreign policy that respects the rule of law; that works in concert with our allies; and that reflects American values.

We can't afford another four years of a foreign policy that talks tough and collapses under fire.

We can't afford more Lebanons; more Iran-contra scandals; more ill-conceived adventures in the Persian Gulf; more missed chances to stop the arms race.

We can't afford a \$170 billion trade deficit.



And we can't afford a failed and illegal policy in Central America.

During the next weeks and months, I will be setting forth my vision of America's place in the world; my views on how we strengthen our national security; on how we can build a competitive America; and on how we pursue what I believe is the best opportunity for meaningful arms control and arms reduction we have had in our lifetimes.

It will be an optimistic vision. A vision of an America that is proud and strong and confident; an America with a foreign policy that gives life to the principles and values upon which our nation was founded.

America must have a strong national defense. We must also have a strong and growing economy; quality schools for our children; a safe and wholesome environment; and new leadership in the White House that will make sure we get a dollar's worth of security for every defense dollar we spend.

Our nation was born in rebellion; we were raised on the frontier; and we came of age in the industrial revolution. We are not a nation that fears change. We expect it. We embrace it. And we have always understood that we must make change work for us, not against us.

The times now demand new leadership; leadership with a deep understanding of history and a clear view of the future—its dangers and its opportunities.

Leadership that understands we are stronger when we work together—with our allies; with our neighbors; with the international community. Leadership that knows we are stronger when we respect the law and the Constitution and live up to our own principles and values.

This afternoon, I want to apply these ideas to a specific challenge: to our relations with those who share with us the proud badge of "Americans": the people of Central and South America. For our neighbors to the south do not refer to us simply as "Americans". They call us "norteamericanos": Americans of the north.

During the summer of 1954, I had the opportunity to live with a wonderful family in Lima, Peru and to study at the oldest university in our hemisphere. That's where I learned to appreciate and respect the Latin American people and their history and culture. It's where I learned to speak Spanish. And it's where I first confronted the inconsistencies in our policies toward our neighbors to the south.

For it was in 1954 that the United States government, operating right out of the U.S. Embassy in Guatemala City, engineered the overthrow of the democratically elected government of Guatemala. And the curious thing about what happened in Guatemala in 1954 was that nobody here in the United States seemed to know what was going on while everybody in Peru knew exactly what we were doing. The result of that U.S. directed military coup in Guatemala was thirty years of the most brutal repression any country in this hemisphere has ever endured.

In this century, the United States has mounted nineteen major military expeditions to Latin America. Five times, we sent troops to Honduras. The Marines occupied Nicaragua for twenty years. And we have helped overthrow a democratically-elected government not only in Guatemala in 1954, but in Chile in 1973.

Every time we intervened, we did so in the name of democracy and freedom.

And almost without exception, the legacy of our intervention has been tyranny, not freedom.

The lesson in this is not that our announced goals were wrong, but that we chose the wrong means. We put ourselves

above the law. We tried to go it alone. We tried to impose our views, instead of helping to build a democratic tradition. We showed our neighbors a fist, when they needed a helping hand.

This is a lesson that the current Administration has not learned. Since coming to office in 1981, it has carried out a policy towards Nicaragua that has ignored the counsel of our Latin American allies, flouted international law, violated treaties which we ourselves helped to draft and sign and ratify; undermined our Constitution and fueled the flames of violence and instability throughout Central America.

As a result, it has been a weak policy; a policy that has failed to unite our people at home, failed to win support from our allies abroad, failed to reduce Soviet and Cuban influence in Nicaragua, and failed to serve the best interests of our country or of our neighbors.

The next President will have the opportunity—and the responsibility—to restore U.S. leadership. Not by seeking to dominate our neighbors or to dictate regional events. But by building a strong and durable partnership with a new generation of democratic leaders in Latin America.

A partnership that will recall the spirit of FDR's Good Neighbor policy and build on the best elements of JFK's Alliance for Progress.

A partnership: to restore economic development and economic opportunity; to ensure peace and security; to promote democracy and human rights.

Not long ago, most Latin American countries were governed by military dictators.

Today, democratic elections have given the region its best group of leaders in at least a quarter century. Leaders like Alfonsín in Argentina \* \* \* Arias in Costa Rica \* \* \* Barco in Colombia \* \* \* Cerezo in Guatemala \* \* \* de la Madrid in Mexico \* \* \* García in Peru \* \* \* and Sanguinetti in Uruguay. These are strong, practical, progressive, democrats; they are good neighbors; and they will be good partners.

And if we listen to those leaders, we will understand that the greatest danger we face in this hemisphere is not Nicaragua or Cuba; it is the desire of those in Latin America who are poor, jobless, landless or malnourished to lead a better life.

For economic weakness leads to weakness elsewhere: by undermining the democratic promise; by sowing the seeds of radical revolution; by strengthening the appeal of profits from trafficking in drugs; by disrupting communities, breaking up families and driving tens of thousands northward each year in search of opportunity.

We in this country are proud to be a land of opportunity. But the people of Latin America want and deserve opportunity at home.

And today, Latin America is in the middle of its worst economic crisis since World War II.

The military left behind huge debts in Argentina and Brazil and Guatemala. Peru must cope with a \$13 billion debt and a rural infant mortality rate of 25 percent. The per capita income in every country in Central America has declined by ten percent or more since 1981. The average annual inflation rate in Latin America during that period has been an incredible 134%. A decade of growth has evaporated. Unemployment has risen and wages have gone down.

Unfortunately, we have not responded. Instead, we have turned a blind eye to poverty and a deaf ear to the debt crisis. And in so doing, we have extended an open invitation to those who would cause trouble in our hemisphere.

In Cuba, schoolchildren chant anti-debt slogans to visiting dignitaries. And the Soviet Union has not failed to notice that on two dominant issues—the debt and Central America—our policies are opposed by Argentina, Brazil and Mexico, the three giants of Latin America. It should be no surprise that Secretary Gorbachev soon plans to visit those countries; the first visit a Soviet leader will have ever made to the mainland of Latin America.

That's why we need a partnership for progress in the Americas; a partnership that will fulfill John F. Kennedy's vision twenty-six years ago of "a hemisphere where all men can hope for a suitable standard of living, and all can live out their lives in dignity and freedom." A partnership that must begin with Mexico, a nation whose future is of far greater importance to the United States than our misbegotten adventure in Nicaragua.

Mexico is a valued and important neighbor—our third biggest trading partner and our number one supplier of oil.

But it is a neighbor in trouble.

Its population has doubled since 1960, and the real wages of the Mexican people have declined by forty percent in the last five years alone.

We have much to gain by helping Mexico to get back on its feet.

And much to gain by building a new partnership for progress throughout Latin America.

For while Mexico's recession has cost 200,000 U.S. jobs, the Latin American debt crisis, as a whole, has caused a forty percent decline in our exports to the region. That means \$14 billion less in sales each year of soybeans and grain, steel and automobiles, construction equipment and farm machinery; and thousands of lost jobs for American workers and lost opportunity for American farmers.

It means dollars that should be going to buy John Deere tractors and Iowa feed grain and South Dakota beef being used for interest payments to New York banks.

The region's external debt is now more than \$380 billion. And for five straight years, there has been a net transfer of financial resources out of Latin America—a total of \$131 billion since 1982. That's more than twice the relative size of the 1920's war reparations that destabilized German democracy and paved the way for Hitler's rise to power.

Sooner or later, the constant demand that Latin Americans "tighten their belt" will tie a noose around democracy.

And the next President of the United States must understand the link between our security and Latin America's economy.

He must sit down with the leaders of Latin America, with the international banks, with commercial lenders, and with private voluntary organizations to develop a joint plan of action—based on the knowledge that if Latin American democracies are to grow, they must have access to foreign capital, they must have easier access to foreign markets, and they must be challenged to create opportunity not just for some, but for all their people.

We must begin by seeking an increase in capital for multilateral lending institutions, especially the Inter-American Development Bank—capital to come not just from the United States, but from Japan and Europe and Canada.

We should recognize that the burden of debt relief must be shared fairly—by borrowers and lenders.

We should act on the principle that debt service payments must leave sufficient



funds within a country to allow adequate investment and growth.

We should recognize that what may work in one country will not work in another.

We should encourage innovation and experimentation: debt for equity swaps like those used in Chile and Mexico, and agreements like the Conservation International's deal with Bolivia to exchange six hundred fifty thousand dollars in debt relief for expanded environmental protections in the Amazon rain forest.

We should encourage Latin American governments to address not just the symptoms, but the causes of underdevelopment, by responding to the needs of the poor, and by seeking to involve all their citizens in the economic life of their countries.

The United States will have a key role to play in this partnership; a role we cannot play unless we get our own fiscal house in order. A lower deficit in Washington will mean a stronger domestic economy; it will make it easier for us to help others; and it will mean lower interest rates and easier access to capital for Latin American governments.

We should seek to increase trade by bringing down tariff and nontariff barriers—between North and South America, between our hemisphere and Asia and Europe and Africa. We should oppose new barriers, such as an oil import tax, that would hurt our economy and destroy Mexico's, a country which depends on oil exports for almost half its foreign exchange.

And we should direct our foreign aid dollars to where they will do the most good.

What sense does it make to spend \$75 million to send advanced fighter aircraft to Honduras, a country where only one rural child in five is born healthy; where less than half the population has access to safe water; where almost half the adults cannot read; and where 56 percent of the workforce is without a full-time job?

And what could we possibly be thinking of when we provide Haiti with millions of dollars in military aid when those same funds could be used to help private voluntary organizations or the Inter-American Foundation to meet the basic human needs of the Haitian poor?

But no program of economic development will succeed in an atmosphere of civil or regional violence. And today, violence is encouraging capital flight, producing thousands of refugees, squandering public resources and disrupting the economic life of much of Central America.

That's why we need a partnership for peace and security, as well.

As the Americas' strongest and most powerful nation, it is our responsibility to reply firmly and forcefully to any serious military threat from the Soviet Union.

There is no place in this hemisphere for platforms from which the Soviet Union can project offensive military power against the United States, or our allies and friends.

But regional peace and security are not solely a U.S. concern; and they are not solely a U.S. responsibility.

And that is why forty years ago we helped write the Rio Treaty and the Charter of the Organization of American States. Those treaties provide a solid foundation for regional security. Under our Constitution, those treaties are the law of our land. And those treaties explicitly prohibit what we are now doing in Nicaragua.

We've had enough law breaking in high places in Washington. We don't need any more.

And make no mistake about it. What we are doing in Central America today is a violation of U.S., as well as international, law.

U.S. aid to the contras must end. For contra aid is not a lever that will foster democratic change in Nicaragua; it is, instead, a wedge separating the United States from our democratic neighbors.

Because there isn't a democratic nation in this hemisphere that supports our policy in Nicaragua.

That's why they've been trying to get us to pay attention to the Contadora process for the past five years.

And as a result of their efforts, in the words of Costa Rican President Oscar Arias, "the hour of peace" for Central America has come. Last month in Guatemala City, the leaders of that region signed a historic agreement based on Contadora and the Arias plan; a plan to stop the killing and start the talking in Central America.

The United States should be supporting this agreement—not reluctantly, but enthusiastically—for its goals are our goals: a ceasefire with amnesty for those who have taken up arms against their government; an end to outside intervention, whether by the United States or Cuba or the Soviet Union; respect for international borders; a halt to regional militarization; progress toward democracy; and protection for human rights.

The agreement reached in Guatemala City is only a framework for peace; it is not peace itself. But it is a serious document that makes demands and imposes obligations that can and must be met—by Nicaragua, by guerrilla groups, by outside powers and by every government in the region. And we should seize the opportunity to help translate this plan's promise into the reality of peace and security for Central America.

We should be willing to negotiate directly with Nicaragua to resolve our legitimate security concerns. The Central American governments expect and desire that we do so.

We should be offering whatever technical and financial support may be needed to help monitor and verify the provisions of a more detailed plan for peace.

And we should be welcoming President Arias as a hero when he arrives in Washington next week, not lecturing him about the dangers of Communist subversion. He and his colleagues are well aware of the dangers. They put their lives on the line for democracy every day. And they want contra aid to stop.

The courage and creativity of Central America's leaders reminds us that we should never underestimate the determination of our fellow Americans to be free.

On the last day of last month, a quiet and peaceful man named Antoine Thurel burned himself to death on the steps in front of the State House in Boston. Antoine Thurel, like my own parents, was an immigrant. He came from Haiti, the poorest nation in this hemisphere. And he sacrificed his life in frustration and despair over the agonizing struggle for freedom and justice in his homeland.

His death should help us to remember that poverty and repression are not abstractions; they have a human face; their image is reflected in the eyes and stamped in the hearts of millions of Haitians and Salvadorans and Guatemalans and Cubans and Nicaraguans and Chileans who have sought refuge in neighboring countries, or who have come to our shores in search of freedom, but who have kept alive within themselves the hope—the dream—of returning to find freedom and prosperity at home.

It is a dream our nation can help come true.

Not by overthrowing governments we don't happen to agree with; not by cozying up to Latin American dictators as we have so often over the past century; but by demonstrating every day and every week the

powerful force of our ideals; by pointing to the strength and success of the democratic partnership we will build in this hemisphere; and by building an alliance for freedom; for economic opportunity; and for social justice throughout this hemisphere.

We should use our aid dollars to help civilian leaders, especially in Central America, to establish control over their military, to build strong democratic institutions and to translate the democratic promise into a better life for their people—through better schools, better health care, better housing and better jobs.

We should help to initiate a Pan-American exchange program—a two way exchange of students and teachers and tradesmen and professionals and farmers and just plain citizens—to teach and to learn from each other and about each other, and to build a partnership among the Americas that will go deeper and grow stronger than ties based simply on government to government relations.

We should increase student scholarship programs so that Latin American students will have a better chance to develop the kind of sophisticated technical and management skills that will help them to grow and give something back to their countries.

We should expand and strengthen the Peace Corps.

And we should restore America's leadership in the struggle to increase respect throughout the world for basic human rights.

Listen to the words of Jacobo Timerman: "Of all the dramatic situations I witnessed (while a political prisoner in Argentina), nothing can compare to those family groups who were tortured often together, sometimes separately but in view of one another, or in different cells, while one was aware of the other being tortured. The entire affective world, constructed over the years . . . collapses with a kick in the father's genitals, smack on the mother's face, an obscene insult to the sister, or the sexual violation of a daughter."

Listen to the Witnesses and to the surviving victims of torture in El Salvador, the relatives of the disappeared in Guatemala and Chile, the political prisoners in Nicaragua and in Fidel Castro's Cuba.

Listen and understand that nothing justifies the theft of human dignity. Nothing. Not leftwing or fighting politics. Not personal or economic or religious differences. There is no rationale for torture. No excuse for murder of kidnappings or disappearances.

The United States cannot impose respect for human rights, but we can place strict conditions on our military and economic aid; we can support the Inter-American Commission and the Inter-American Court on Human Rights; and, I must add, the International Court of Justice; we can encourage and protect human rights monitors; we can speak up for the silenced; we can insist on liberty for the unjustly imprisoned; and we can demand—even during civil conflict—that international humanitarian standards be observed.

We are a strong nation not so much because of what we possess, but because of what we believe.

And we are strongest when we meet the standards we set for others—not when we mine harbors, teach political assassination, or break the laws of our country to conduct a secret war.

The great liberator, Simon Bolivar, had it right when he said that the Americas are the greatest region in the world, not so much by virtue of our area and our wealth, but by our freedom and glory.



We need leadership in the white House that will understand that.

Leadership that will understand what Mexican writer Carlos Fuentes meant when he said that the "the great weakness of the Soviet Union is that they are surrounded by satellites, and not by friends."

Because our friendship with the people of Latin America can be one of our greatest strengths. If we respect each other. If we respect the law. If we work together to produce the kind of sustained economic growth that will create opportunity for all the people of this hemisphere.

That won't happen overnight.

But Poco a poco. Little by little.

Paso a paso. Step by step.

Juntos. Together.

Vamos a ganar. We shall succeed.

## JACK K. WESTBROOK: AFA MAN OF THE YEAR

### HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DUNCAN. Mr. Speaker, Mr. Jack K. Westbrook from Knoxville, TN, was recently honored as "Man of the Year" by the Air Force Association, the highest tribute one can receive from that organization.

The association recognizes that "under his guidance, the highly successful 'Greater Knoxville Committee on American' was created to bring local civic and community groups together to better understand the Nation's military requirements by hearing top-level speakers on key issues." He thus has enhanced the objectives of the AFA.

As State president, Jack led over 2,000 members in five chapters across Tennessee in highlighting the goals of the AFA, and the Air Force. He has also served as president of many other groups which include the Tennessee Association of Life Underwriters, the Knoxville Association of Life Underwriters and the local chapter of the American Society of Chartered Life Underwriters. In short, Jack has been a strong and respected State leader.

Jack is to be highly commended for his widespread and active support for the AFA throughout the years. He greatly deserves the special recognition which goes with the AFA "Man of the Year" award.

## WELCOME TO OUR NEWLY NATURALIZED CITIZENS

### HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. GILMAN. Mr. Speaker, it is with sincere pleasure that I congratulate the residents of New York's 22d Congressional District who have chosen to become citizens of the United States with all the privileges, freedoms, and responsibilities that American citizenship entails.

Our beautiful Hudson Valley region in New York State is proud of its newest citizens, and I invite my colleagues to join me in welcoming the following newly naturalized Americans and extending to them our best wishes for a happy and prosperous life in their new homeland:

## NEWLY NATURALIZED AMERICANS

Noel Abrigo Aborda.  
Mr. Geoffrey O. Agard.  
Francois Alexandre.  
Solange Aristil.  
Jennifer Lee Attick.  
Mr. Mauricio Jaime Aufgang.  
Richard Vieira Azevedo.  
Renate Elisabeth Bammert.  
Mr. Filippo Basile.  
Lucy Bellone.  
Ms. Eva Bickel.  
Mr. Zippora Bickel.  
Ichak C. Bikel.  
Maria Bischoff.  
Mr. Nirys Boursiquot.  
Ester Brach.  
Ms. Hilmer C. Brown.  
Ms. Jean-Claude Cadet.  
Ms. Irene O. Calkin.  
Ana E. Cano.  
Ms. Lucy Chua Castaneda.  
Robert Chen-Ro Chang.  
Victoria Heui-Tai Chang.  
Phyllis D. Charles.  
Mr. Vasile Ciriac.  
Crisnelly A. Climes.  
Nolly Climes.  
Pedro Climes.  
Domenico Cortese.  
Marie Elena Cracolici.  
Ms. Angela M. Crawford.  
Mr. and Mrs. Anna & Felice DeFilippis.  
Anatoly Dekhtyar.  
Irina Dekhtyar.  
Carlos Mauricio Del Pozo.  
Catherine Elizabeth Doherty.  
Hit Dominy.  
Ms. Silvia Donates.  
Mr. Eddy Dorestan.  
Ms. Marie Carmel Dorestan.  
Mr. Phillippe M. Doucet.  
Maria Drago.  
Keri K. Dreyer.  
Fred Fariborz Ebrahimi.  
Ilidio F. Elias.  
Flora Espallat.  
Batja Feigel Kroser.  
Pierre Gerard Fleurimond.  
Rebecca Freund.  
Ms. Carmela Frustaci.  
Ms. Tova Gluck.  
Susan Goldenberg.  
Ms. Ekaterini Gouvis.  
Mr. and Mrs. Moshe & Schochana Gratt.  
Ms. Monika Greene.  
Rachimboi Haknasar.  
Eunice P. H. Hamilton.  
Mr. Rogelio A. Hamilton.  
Mr. Simon D. L. Haysom.  
Antonio Zamora Hernandez.  
Moise Fouad Holly.  
Margaret Hurley.  
Housien Ahmed Ismail.  
Mr. Toaby Isrol.  
Mr. Stephan Ivaseczko.  
Serge Jean-Baptiste.  
Rocky Jean-Louis.  
Jacqueline A. Jones.  
Andrea Patricia Junor.  
Yvon Kavanagh.  
Percy Ruston Kavarana.  
Ms. Mary B. Keegan.  
Ms. Josephine Kent.  
Ms. Lydia Khosdeghian.  
Bong Ho Kim.  
Lila Yunok Kim.  
Aneta Klein.  
Devorah Kleinberger.  
Sushma Kumar.  
Mr. Daniel P. Lacroix.  
Minh Q. Lam.  
Philip L. Lanigan.  
Talanat Asenat Lapid.  
Richard Laput.  
Steven Egbert Lawrence.  
Hallie Lewyta.

Hazrah Lin.  
Ms. Socorro Llado.  
Jose R. Lopez.  
Federico Lostumbo.  
Van Quoc Luu.  
Yen Tuyet Luu.  
Zenaida Manojio.  
Rosanna Marcotullio.  
Mr. Archibald C. Marshall.  
Caesar Martone.  
Sergio Maturana.  
Kenrick J. McBean.  
Beryl McDonald.  
Rosalia Mermelstein.  
Ms. Monika Michalik-Lobaudo.  
Lillian Minh.  
Mr. Isaac Mizrachi.  
Luis Mogollon.  
Gilda Moliterno.  
Sorin Ioan Mortun.  
Virginia Mortun.  
Mr. Howard NGuyen.  
Francois J. Negri.  
Ms. Maria Olivares.  
Orlando Pacifico.  
Iluminada Manuel Pagayunan.  
Mr. Garineh Panossian.  
Mr. Abinash Parida.  
Patricia Park.  
Marie Parker.  
Amit S. Patel.  
Rachel Perl.  
Geraldine Pierre-Fleurimond.  
Mr. Gaetano Pinto.  
Wlodek Plotrowski.  
Ms. Suk Yon Porter.  
Francisca G. Powell.  
Samuel A. Powell.  
Karl O. Preston.  
Gerda Probst.  
Mr. Marcelo L. Quarantotto.  
Alfredo B. Rabino, Jr.  
Gilma Ramirez.  
Paula Reisman.  
Elida Dolores Reyes.  
Sandra Elizabeth Reyes.  
Hubert Fitzroy Roberts.  
Adlher Rodriguez.  
Gricelidys M. Rodriguez.  
Jose A. Rodriguez.  
Mr. Jose Rodriguez.  
Samuel Salamon.  
Sofia Salamon.  
Hernando Salazar.  
Judith N. Samet.  
Ms. Maria Santos.  
Claudia Schirripa.  
Nicholas Siraj Schneller.  
Ursula Scholz.  
Carlyle Emanuel Sheppard.  
Ms. Carol Ann-Marie Sheppard.  
Mun Hui Sin.  
Julio Sousa.  
Adria Pauline Subbiondo.  
Mr. Nong Duc Ta.  
Ms. Jenny Tan.  
Mary Tashjian.  
Mr. Whitley Thomas.  
Eleni Toromanides.  
William Ernest Trevor.  
Leonie Tugman.  
Jean Emmanuel Turnier.  
Gayle M. Unhjem.  
Ambrogio Bruno Vippolis.  
Arun K. Vohra.  
Benjamin Weber.  
Rosalind I. Winkler.  
Ahmet Yilmaz.  
Douglas Robert Young.  
Jose Rolando Zapata.  
Jonathan A. Zwart.



# SALUTE TO THE POETRY OF BETH WILSON

**HON. RONALD V. DELLUMS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DELLUMS. Mr. Speaker, I rise today to commemorate the printing and publication of an outstanding and historic scroll written by a constituent of the Eighth Congressional District, Mrs. Beth P. Wilson. Ms. Wilson is the notable and acclaimed author of many children's books, including biographies of Martin Luther King, Jr.—that won the CATE Award—Muhammed Ali, Stevie Wonder, and a tome entitled "Giants for Justice", which addresses the lives of Mary McLeod Bethune, A. Philip Randolph as well as Martin Luther King, Jr.

With the publication of the "Crispus Attucks Scroll," Beth Wilson has created a striking rendition of the life of Crispus, embellished in poetry and rendered on parchment. It is an educational tool of extraordinary dimensions, and one which we are proud to identify as having been a product of the intelligence, creativity and commitment of one of the outstanding citizens of the district we represent.

Beth Wilson was born in Tacoma, WA, and has lived in Berkeley, CA since the early thirties. Her late husband, W.D. Wilson, practiced dentistry for many years in the West Oakland neighborhood where I grew up. Beth Wilson is a former teacher, the second black teacher in Oakland, CA, and became an educational consultant in the Berkeley public schools. She abandoned this career to become an author. Beth is a former board member of the California Writers' Club. Her poems have been published in the Christian Science Monitor, the Open Court Publishing Series, the African-American Studies Program and other periodicals. A copy of "Crispus Attucks" hangs in my Washington and district offices as a tribute to this great individual who has worked so prodigiously to document the lives of others for the benefit and education of our youth.

## NATIONAL IMMIGRANTS DAY

**HON. WILLIAM O. LIPINSKI**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LIPINSKI. Mr. Speaker, as cochairman of the Democratic Council on Ethnic-Americans, I rise to inform my colleagues that today is the day we set aside to honor our Nation's rich ethnic and immigrant heritage. Today also marks the 101st anniversary of the dedication of the Statue of Liberty.

Immigrant Americans have always distinguished themselves and added to our diversity through their determination to preserve their customs and values. However, they have at the same time been recognized as patriotic Americans willing to defend their new homeland with their lives, if need be.

Mr. Speaker, diversity has always been at the root of our strength and our prosperity. Immigrants from all over the world have given our Nation a special place in the world. No other country in the world shares such a combination of ancient cultural heritage with the experience of the New World.

For over 100 years, the Statue of Liberty has been a symbol of the old meeting the new and the promise of freedom that allows us all to live in harmony and genuine opportunity to build a better life for all who have come to share in this promise.

On National Immigrants Day, we pay tribute to those who have braved turbulent times in their own countries and chose to become Americans. In order to remind the present generation of our rich past, we must rededicate ourselves to insuring that future generations of immigrants will have the opportunity to come to America and prosper.

## THE NEW KOREAN CONSTITUTION

**HON. THOMAS M. FOGLIETTA**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. FOGLIETTA. Mr. Speaker, yesterday the Korean people voted overwhelmingly in support of the new Korean constitution. The tremendous pride of the voters echoed throughout the day as 93 percent of the Korean electorate went to the polls. This is a truly historic occasion and one which sets the foundation for the presidential election to be held this December.

The road to democracy in Korea has been a long and difficult one. The reforms which were adopted this summer are a tribute to those Koreans who have worked peacefully for democratic change. The renewed respect for human rights, freedom of the press, and the restoration of the civil liberties of several hundred dissidents send a clear signal of Korea's commitment to democracy. I support these efforts and encourage continued reform.

A new era in Korean history has begun. For the first time in 16 years, the Korean people will be able to choose their next president in a free and open forum. Likewise, elections for the National Assembly next spring will further cement the new democratic pact between the government and the people. I would like to congratulate all Korean citizens on this momentous occasion and urge my colleagues to take note of the dramatic changes taking place in Korea.

## THE NEW MEDICO REHABILITATION CENTER

**HON. RALPH M. HALL**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. HALL of Texas. Mr. Speaker, a new facility, the Medico Rehabilitation Center, opened earlier this year near Tyler, TX. It is a very modern facility and is to focus on the treatment and rehabilitation of head injury victims.

There are 400,000 people a year who sustain head injuries. Seventy to ninety thousand of those people are disabled for the rest of their lives. The New Medico Rehabilitation Center of Texas will take care of their demanding problems. The 432-acre facility will serve Texas and a five State region.

In the past, head injured people were often forgotten by society. Their care was less than

adequate and rehabilitation was virtually nonexistent. A major problem with the care of head injured victims is expense. The cost of extended care can be astronomical, as the recovery period for the head injured patient is unpredictable. The new medico facility is committed to the care of these patients.

I wish to commend Mr. Jim Harrington, executive director, Dr. Barry Rath, clinical director, and Ms. Judi Levy, clinical evaluator and associate of the New Medico Rehabilitation Center of Texas; Mr. Charles Haynes, president and executive director of the Texas Head Injury Foundation; Ms. Kathleen Rowe, public information officer and Mr. Peter Miller, deputy director of post acute division of New Medico Combined; and Ms. Claire Giuseffi, director and rehabilitation nurse of Texas Employer's Insurance Association—and all the men and women associated with this facility—for their dedication to help the head injury patient learn to overcome their deficiencies and provide opportunities to use the skills they have.

I especially want to applaud Ms. Claire Giuseffi, director and rehabilitation nurse with Texas Employer's Insurance Association, who has shown great dedication in behalf of those victimized by head injuries in industrial accidents. Her findings reveal that 80 to 90 percent of clients who are head injured do not have the funding they need for their care. Ms. Giuseffi said when insurance companies began to consider the cost of lifelong care of head injured clients, "they looked to rehabilitation as a means of cost containment." Yet she said "the objective isn't always for them to go back to work. The bottom line is to give them a much better quality of life."

Mr. Speaker, I am certainly proud of this facility and of those who make it possible.

## MAJORITY RULE?

**HON. TRENT LOTT**

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LOTT. Mr. Speaker, much has been made in this bicentennial of our Constitution about our system of majority rule. Ironically, here in the people's House, the concept of majority rule is being increasingly ignored, violated or waived. A few years ago House rules were changed to permit as few as one-third of a committee's members to transact all business, including the markup of legislation. Left in place was the longstanding requirement that a majority of a committee's members actually be present at the time a measure is ordered reported to the House.

However, there is increasing evidence that this requirement is being ignored by committees which are hardpressed to muster a majority quorum. Last week one such dispute arose on the House floor. It was settled by the Chair, in accordance with the precedents, by taking the word of the bill's manager that a majority of members were present. This week, rather than risk another such fight over a bill, the Rules Committee took the extraordinary step of simply waiving the majority quorum rule. This is an outrageous precedent that other committees are sure to take advantage of in the future.



To avoid any confusion over the importance of the majority quorum requirement, and to ensure strict compliance and enforcement, I am today introducing an amendment to House Rules to require that the committee report on any measure reported by a committee either include a list of those Members voting for and against the measure, including those voting by proxy; or, in the case of a nonrecord vote, the names of those members actually present at the time the measure is ordered reported.

Obviously, a bill could not be considered unless the report contained this information. And the lists of members actually present as contained in the report would serve as the evidence of compliance with the rule should a point of order be raised that a quorum was not present. In this way we can avoid the questionable practice of relying on the word of a bill's manager in those instances in which the committee transcript does not clearly show the names of those present at the time of reporting.

While this may seem a niggling rule to some, I would submit that it is essential to our legislative process that a majority of a committee's members actually participate in reporting legislation to this House. To the extent that bills do not reflect the will of an informed and participating majority at the committee level, the more the measure is likely to be unacceptable to and rewritten by the House membership when it reaches the floor.

I urge my colleagues to cosponsor this resolution. At this point in the RECORD I include the text of my proposed rule change:

#### H. Res.—

*Resolved*, Rule XI of the rules of the House of Representatives is amended in the following ways:

Clause 2(1)(2)(B) is amended to read as follows:

"(B) With respect to each rollcall vote on a motion to report any bill or resolution of a public character, the total number of votes cast for, and the total number of votes cast against, the reporting of such bill or resolution, together with the names of those members voting for, and those members voting against, reporting the resolution (including a designation of those members voting by proxy), shall be included in the committee report."

Clause 2(1)(2) is further amended by adding at the end thereof the following:

"(C) With respect to any nonrecord vote on a motion to report any bill or resolution of a public character, the names of those members of the committee actually present at the time the bill or resolution is ordered reported shall be included in the committee report."

### TIME TO TIGHTEN SANCTIONS

#### HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CLAY. Mr. Speaker, it has been 1 year since Congress enacted the Comprehensive Anti-Apartheid Act over the veto of President Reagan. The Anti-Apartheid legislation was our Nation's first real effort to address the abominable human rights violations occurring in South Africa. The Reagan administration's failure to advance an effective United States policy toward South Africa requires that Congress renew our efforts. As we in this body

continue to assess the situation in South Africa and to promote an effective anti-apartheid policy, I commend the following editorial which appeared in the St. Louis Post-Dispatch, October 8, 1987:

#### TIME TO TIGHTEN SANCTIONS

President Reagan has followed the Comprehensive Anti-Apartheid Act of 1986 the way a mischievous child obeys his mother: selectively. The law, passed over a veto, required Mr. Reagan to report on the impact of economic sanctions against South Africa. In complying, he noted that no lessening of apartheid can be seen. That being the case, the law then requires additional punitive measures. Mr. Reagan declines.

He acknowledges that the state of emergency has been reimposed along with other draconian repression of blacks and that the Botha government has failed to meet with black leaders. But the administration blames the sanctions, saying their "impact has been more negative than positive."

The initial sanctions, however, were intended as a message that the United States was willing to back up economically its advocacy of an end to apartheid. Should that word be disbelieved or unheeded, as is the case, the plan was to increase the sanctions. Such incremental tightening of an economic vise was designed to push toward peaceful change while leaving some time for the United States to lend whatever auspices might bring about a new order, including all races, in South Africa.

In short, one year's sanctions were not expected to end apartheid abruptly. The president's recalcitrance on increasing sanctions is matched by the undercutting that has occurred this year. Randall Robinson, head of the anti-apartheid group, TransAfrica, points to several administration deficiencies: The act provided for convening a conference of industrial nations to try to reach an agreement on sanctions—no attempt was made to call such a conference. South African uranium was to be banned—a loophole was created administratively. The same thing happened with barring iron, steel and iron ore.

Economic sanctions pose difficult moral questions for countries imposing them because strict bans will mean hardship for the very people they are designed to help. Writing in *The New York Times*, longtime apartheid foe and member of the South African Parliament, Helen Suzman, notes that the response to U.S. and European sanctions was a surge of support for ultra-conservatives. Says Mrs. Suzman, "If there were any chance that sanctions would dismantle apartheid, I would be the first to support them. But reducing South Africa to a wasteland would lead not to a nonracial democracy but to more oppression and misery. No one should be under the delusion that things are so bad in South Africa that they could not get worse."

But what is the alternative? Diplomacy and pleading can only go so far; at some point a country must stand firmly against a system of government that allocates basic rights by the color of citizens' skin. Phased-in sanctions, at least, keep the dialogue going in the hope that a wasteland—or worse, the devastation of civil war—can be averted. Congress must, again, direct the president to take a firm stand against apartheid. It should close the loopholes the administration opened this past year and increase restrictions so there can be no doubt of U.S. resolve to oppose apartheid.

### BEYOND SANCTIONS

#### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CRANE. Mr. Speaker, under the Comprehensive Anti-Apartheid Act of 1986, the President is required annually to review the sanctions placed upon South Africa by the United States. After recently reviewing the act, President Reagan concluded that the United States should not implement additional sanctions. This conclusion comes in light of the fact that current sanctions have not led to an improvement in conditions for black South Africans. It may be further argued that sanctions have not only failed to promote improvements, but have, in fact, led to increased hardships for black South Africans.

The tragedy of sanctions is that they undercut one of the most effective weapons blacks in South Africa have against apartheid: their growing economic power. In fact, as former Assistant U.S. Secretary of State Alan Keyes points out, blacks have achieved their greatest victories over apartheid in the economy. The recent mining strike and the pass-law repeal demonstrate the growing economic leverage blacks have. Sanctions, however, threaten to halt this progress.

Secretary of State George Shultz recently praised the accomplishments of black schools, unions, and entrepreneurs in undermining apartheid and convincing whites that blacks can prosper if given the necessary freedom. The United States should go further and redirect foreign aid to help blacks push for nonviolent change. However, blacks can exert such power only if the South African economy grows. This necessary economic growth is possible only if the United States realizes that sanctions are indeed a failure. Rather than working to increase the severity of sanctions against South Africa, the United States should correct its previous mistake by repealing the Comprehensive Anti-Apartheid Act of 1986.

I would like to submit the following article enumerating the inconsistencies of sanctions for the careful consideration of my colleagues.

#### WHY SANCTIONS ARE A FAILURE

(By Simon Jenkins)

As soon as America's General Motors Corporation bowed to sanctions pressure and pulled out of South Africa, its local management moved fast. Renamed Delta Motors, the auto company removed 500 workers, dropped off the "Sullivan list" of firms enforcing intergrationist work practices and reversed the policy of not selling to the apartheid regime. GM thus joined some 80 American firms that have left South Africa in the past 18 months. As Congress begins a review of sanctions legislation, the results are hardly contributing to the anti-apartheid cause.

South Africa, in fact, is changing from being a classic case for economic sanctions to a classic case against them. As a tool of foreign policy, sanctions always have been easier to advocate than to impose, let alone succeed.

Succinctly put, sanctions are one of the most ineffective forms of aggression, vulnerable on at least four fronts:

The free-trade market has ways of finding new sources of supply or new conduits for



old ones. Someone, somewhere, will always strike a bargain, undermining the embargo.

Sanctions are notoriously ineffective in securing real political change. The few successes almost always involve actual or implied military intervention. When such a threat is implausible, sanctions may do no more than entrench the targeted regime.

Sanctions, where implemented, tend to hurt the wrong people. Such bans are the ultimate form of economic warfare and to work fast require a total siege. Yet that action is indiscriminate and tends to harm those least able to guard against it—the poor.

Finally, sanctions develop a political life of their own, raising unrealistic expectations of success. When the embargoes fail, the result is disillusionment and bitterness.

#### THE IMPACT ON SOUTH AFRICA

A year after South Africa's state of emergency triggered a series of American, European Community and Commonwealth embargoes against that country, every one of the weaknesses of the strategy has been encountered. The economy, rather than suffering, is hesitantly improving. The internal anarchy of 1985-86 has died down. President P. W. Botha has survived a general election that marked a shift to the right. The government has shown its ability to continue to control dissent, if not suppress it. In short, another South African trauma seems to have passed.

Firms fleeing the moral complexities of South Africa include most of the giants of American world trade: General Motors, Ford, IBM, Exxon, Eastman Kodak, Honeywell, General Electric, Coca-Cola, and, most recently, Citicorp. Most have defied U.S. lobbyists and avoided a scorched-earth policy. Instead, they have sold to other multinationals or, more often, to local management. Factories have continued to benefit from franchises, licenses and component supplies. But the new bosses, many from the rising Afrikaner bourgeoisie, have been freed from conscientious American monitoring and have rationalized and sold where the market is best.

The Johannesburg stock market has boomed as fleeing firms have sold off at bargain prices. As Tony Bloom of the Premier Group notes: "South African companies have been able to acquire technology, management skills, brand names and market share that would have taken years to build."

Trade sanctions have had scarcely greater impact than disinvestment. Restrictions on overseas purchases of coal and steel and certain metals could threaten the jobs of up to 40,000 Transvaal miners. A boycott of sugar and fruit industries, which employ up to 150,000 people, in theory also could cause immense hardship. Neither threat has yet materialized.

South Africa's economy certainly suffers from problems familiar in Africa—inflation, shortage of foreign credit, an excessive public sector. Unlike most African countries, however, it runs a big current-account surplus, manages its economy reasonably well and has renegotiated a phased repayment of its foreign debt. Both the gold price and the terms of trade have moved in its favor. And last year's collapse of the rand more than wiped out any effect sanctions may have had.

Inside South Africa, enthusiasm for economic sanctions is waning. Black leaders were only won over to the policy in a belief that it was the "final push" to topple apartheid. This toppling refuses to happen. Now, many nonwhite leaders are conceding that the prosanctions stance has done little except harm their own people. Even the Rev. Allan Boesak, the outspoken Colored

(mixed race) leader, noting deepening misery in the depressed industrial areas of the Cape, is one of those now questioning sanctions.

Ford is a case in point. With an excellent record in South Africa but under "investor responsibility" pressure at home, that corporation was holding back on selling its 42 percent holding in Samcor for fear of the potential hardship on Mamelodi township near Pretoria, where many of its workers live. The pressure, however, proved too much and Ford is departing.

One South African diplomat has reflected: "American liberals came to South Africa determined to rekindle the American Civil War. They fought well, but now they seem afraid they might lose and only want to scramble back home." To others, the saddest feature of the Americans' pullout is that the hesitant progress South African blacks are making arises from precisely the union and community institutions promoted by American companies. Ironically, South Africa has recently become one of capitalism's more credible shows. Now, that show is closing down.

#### SOUTH AFRICAN SANCTIONS HAVE LEFT THE UNITED STATES DEPENDENT ON THE SOVIET UNION FOR STRATEGIC MATERIALS

HON. DONALD E. "BUZ" LUKENS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DONALD E. LUKENS. Mr. Speaker, I am reprinting for the RECORD an article from the August 3, 1987 issue of *Barron's* which describes how dependent America has become on vital strategic materials from the Communist bloc. This dependence is both frightening and angering. How can the United States depend on its strongest adversary for the very materials of defense?

Sanctions against South Africa have not worked and—even worse—they are endangering our own Nation. It is time to end a policy which harms both those it is intended to help and ourselves.

ANTI-APARTHEID OR PRO-SOVIET?—SANCTIONS RAISE U.S. DEPENDENCE ON U.S.S.R. FOR STRATEGIC MINERALS

(By Shirley Hobbs Scheibla)

WASHINGTON.—Among other things, the Comprehensive Anti-Apartheid Act, which Congress overrode a Presidential veto to pass last October, prohibits U.S. imports of any "article" from any firm connected in any way with the South African government. The law also threatens to prohibit currently legal imports of strategic minerals from South Africa one year after passage, if "significant" progress hasn't been made in establishing a nonracial democracy. While few lawmakers (and almost none of their constituents) seem to realize it, such provisions already have succeeded in sharply curtailing the flow of strategic and critical materials from South Africa. At the same time, they have made the U.S. increasingly—some say alarmingly—dependent for such imports on the Soviet Union and its satellites.

The statistics are jolting. For instance, U.S. imports of chrome ore from the Soviets surged to a whopping 8,440 gross tons per month on average for the six months ended March 31, compared with a mere 479 gross tons on average during the legislatively designated base period, 1981 through 1985.

Chrome, of course, is essential to the manufacture of stainless steel and superalloys; hence, it is vitally important in the aerospace, chemical, defense, power-generation and transportation industries. And the U.S. is heavily dependent upon imports to meet its needs. Small wonder then that upon passage of the Anti-Apartheid Act, the Soviet Union, the world's second largest source of chrome, started developing a new mine with annual capacity of two million tons.

And chrome is only part of the shocking story. Imports of antimony from Russia have risen to 98 times the total in the base period. The U.S. also lacks adequate domestic sources of antimony, which is essential for such items as bullets, computers, radar and sonar. Anticipating the new demand, Russia also is rapidly expanding production of antimony in the Soviet Central Asian republics of Kirgiziya and Tadzhikistan.

The list goes on—more Soviet ferrosilicon, manganese, industrial diamonds, rhodium, platinum and silver bullion, all critical materials. Strategic imports also are up from Soviet bloc countries. Ferrosilicon and ferrosilicon manganese are essential for alloyed and specialty steels used to make hull plates for Navy ships and in the bodies of military vehicles and tanks. Under the first six months of the law, monthly imports of Soviet ferrosilicon averaged 2,814,527 gross pounds, compared with 692,970 for the 1981-85 average.

Again, monthly imports of ferrosilicon manganese from Yugoslavia averaged 3,270,157 gross pounds, against the base of 2,168,352. Imports of industrial diamonds from Russia were up 100 times the base average; platinum bars and plates, up five times; rhodium up three and a half times and zinc up four and a half times. Six different categories of Yugoslav aluminum imports rose.

The law says that the President may lift any of its provisions if he determines after six months that it is causing increased U.S. dependence on Soviet and Soviet-bloc countries for strategic and critical materials and reports his finding to Congress. Even though the newly compiled figures are so startling, President Reagan has no plans to do so. The reason is painfully clear. In the current climate of opinion, Congress and the media would go for his throat.

To its credit, the Commerce Department has carried out the act's mandate to give monthly reports to Congress on growing U.S. vulnerability to the Soviets or Soviet-dominated countries in terms of strategic and critical materials. But nobody on Capitol Hill seems to be paying the slightest heed.

Queried about this, Secretary of the Interior Donald P. Hodel, who also serves as chairman of the National Critical Materials Council, replied, "I don't have the answer. If you ask somebody should we buy a major component of a weapons system from the Soviet Union, they would say, 'Of course not; that's crazy.' Then should we buy the raw material that is necessary to make that weapons system from the Soviet Union? Of course not. Because of the sanctions against South Africa, we are increasingly dependent on the Soviets and Soviet-bloc countries for raw materials that are essential to the defense establishment, at the very least."

To make matters worse, the House Foreign Affairs Africa Subcommittee plans hearings this fall on HR 1580, a bill by Rep. Ronald V. Dellums, California Democrat. It would repeal the Anti-Apartheid Act and substitute a much more drastic measure. Among other things, it would ban imports of any mineral from South Africa essential for military uses unless the President certi-



flies to Congress that domestic supplies are inadequate and "substitutes for such minerals are not available." It says nothing about importing from Communist countries. Moreover, it does away with the requirement to report to Congress on such imports.

HR 1580 also would get rid of a little-noticed part of the Anti-Apartheid Act, which states, "The United States . . . recognizes that some of the organizations fighting apartheid have become infiltrated by Communists and that Communists serve on the governing boards of such organizations."

Incredible as it may seem, during the last Congress, the House passed the Dellums bill. The only change in the current version is an addition which would prohibit any form of cooperation, direct or indirect, with the government of South Africa by U.S. military or intelligence agencies. HR 1580 has 53 co-sponsors, including Rep. Peter W. Rodino, Jr., a New Jersey Democrat and chairman of the House Judiciary Committee.

Sen. Alan Cranston, a California Democrat, has introduced S. 556, a nearly identical measure, on behalf of himself and Democratic Senators Ted Kennedy of Massachusetts and Carl Levin of Michigan. It differs from the Dellums bill only by deleting authorization for the President "to limit the importation into the U.S. of any product or service of a foreign country to the extent to which such foreign country benefits from, or otherwise takes commercial advantage of, any prohibition imposed by or under this Act." S. 556 now is pending before the Senate Foreign Relations Committee.

Meanwhile, ostensibly because the findings of the Anti-Apartheid Act for the first six months may be criticized as seasonal, the Administration is planning to continue the monthly reports for a full year. But if both houses of Congress pass the Dellums-Cranston bills, they may end abruptly.

Secretary Hodel, however, is considering having the National Critical Materials Council report on increasing imports of strategic materials from the Soviets. The 1984 law which created the Council calls for it to make public such critical materials "issues and concerns . . . as are deemed critical to the economic and strategic health of the nation" and to make policy recommendations to the President concerning them.

Will Hodel recommend that something be done about this country's mounting reliance on the Soviets for strategic materials owing to the Anti-Apartheid Act? First, he replies, Congress and the country must understand what's at stake. "Right now, when we start talking about solutions, people usually say, 'What's the problem?'" he notes.

"The last time I checked," adds Hodel pointedly, "the Soviets were still engaged in killing, mutilating and bombing innocent people in Afghanistan in a clear war of aggression."

If the sanctions against South Africa were working, the Rev. Leon Sullivan (civil rights activist and General Motors director) wouldn't find a need to call for all companies to pull out of that country. Indeed, the South African Catholic Bishops Conference, which initially supported sanctions, now has published a report finding that they are ineffective. In fact, they are counterproductive. By leaving South Africa, some companies are greatly enriching the Afrikaners who take over the divested enterprises.

At the same time, several land-bound black African countries are dependent on exporting through South Africa. Sen. Kennedy is so concerned about the harm which the sanctions he has pushed for are inflicting on them that he has proposed giving

them \$700 million of American taxpayers' money over half a decade.

One must ask why the U.S. should believe that racial injustice in South Africa warrants action drastic enough to harm this country, but should embrace trade with the Soviet Union, which puts millions of its own people in gulags and commits untold atrocities abroad. U.S. foreign policy should have two objectives: to achieve its intended aims and to advance the nation's interests. On both counts, sanctions against South Africa have failed.

#### NICARAGUAN FREEDOM FIGHTERS STRUGGLE AGAINST COMMUNIST DICTATORSHIP

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. SOLOMON. Mr. Speaker, I would like to draw the attention of my colleagues to events that have just taken place on the Nicaraguan border with Costa Rica—events that demonstrate the intense desire among Nicaraguans to rid their country of its Communist dictators.

In early September, the Communist Sandinista regime began allowing Nicaraguans to cross the border for short periods, thinking that they would persuade their relatives in the resistance to desert their struggle.

But, as a French news agency reports, many Nicaraguans took advantage of this program, not to talk their relatives into returning, but to flee and join them.

News leaked out that the border was open in mid-October, and within a few days, 1,200 people had fled to Costa Rica and Communist troops had to turn 3,000 more back from the border.

Just this last weekend, 1,000 more Nicaraguans were turned back at gunpoint by Communist troops.

Mr. Speaker, up to 400,000 Nicaraguans—15 percent of the country's population—have fled their country since the Communists took power.

If we in this Congress don't understand the meaning of this, listen to what one of last week's new refugees said after crossing the border:

As long as that Sandinista Government stays in power, it's a lie to say there will be peace.

Mr. Speaker, we must act to ensure that the Nicaraguan freedom fighters remain ready to resume their struggle against this Communist dictatorship.

#### IN HONOR OF CLARKE HINKLE

HON. DOUGLAS APPEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. APPEGATE. Mr. Speaker, today I am pleased to have the honor to speak of a man who has devoted his life to hard work and determination. Mr. Clarke Hinkle, not only a Pro Football Hall of Famer for his 10 years with the Green Bay Packers, but a citizen of Steubenville, OH, whose inspiration has touched many American youths. In honor of the 10th year of the Clarke Hinkle Scholar/Athlete/Citi-

zen Award, Clarke is being honored today, Wednesday, October 28, 1987, for his outstanding life achievements.

Clarke Hinkle is best known for his years with the Green Bay Packers. His outstanding athletic abilities is best exemplified by the fact that he played on both the offensive unit and the defensive unit. As a fullback on the offense, he was a scoring threat everytime he carried the ball. But it was as a defensive line-backer that his head to head clashes with the great Chicago Bears fullback, Bronko Nagurski, became legendary.

Clarke Hinkle, born April 10, 1912, in Toronto, OH, where he attended Toronto High School and then went on to Bucknell University in Lewisburg, PA. During his years in school, Clarke led Bucknell to its finest football years. In 1964, in fact, Hinkle was named, along with Christy Mathewson, as the greatest athlete in Bucknell history.

In January of 1932, Green Bay Packers Coach Curly Lambeau signed Clarke to a Packer's contract for \$125 a game. Coach Lambeau was quoted as saying, "Hinkle was the greatest all around fullback ever to play in the National Football League." At the end of his career in 1941, Hinkle had carried 1,171 times for 3,860 yards, scored 373 points and averaged 43.4 yards on punts. He was all NFL in 1936, 1937, and 1938 and then again in 1941. He was inducted into both the NFL Hall of Fame and the College Football Hall of Fame.

In continuing honor of Clarke Hinkle, Mr. Speaker, the Fort Steuben Mall of Steubenville, OH, has awarded the Clarke Hinkle Award to a senior from each of the 20 area high schools each year for the past 10 years. Those students receiving this award have excelled in academics, athletics, and good citizenship, all qualities embodied in Clarke Hinkle.

#### TRIBUTE TO ORLANDO LAGMAN

HON. C. THOMAS McMILLEN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. McMILLEN of Maryland. Mr. Speaker, I rise to acknowledge Orlando Lagman, a great artist whose work has been admired by many.

Perhaps the most telling example of Mr. Lagman's talent as an artist is his relationship with the Sultan of Brunei, considered by many to be the world's richest man.

Mr. Lagman had recently painted the portraits of the Sultan of Brunei and his two wives. The paintings now hang in the Sultan's palace in Brunei.

The Sultan of Brunei so admired the painting that he asked Orlando Lagman to be his palace guest and paint the rest of his family.

The Sultan of Brunei is estimated to be a billionaire many times over. His palace cost \$300 million, and has 1,788 rooms and used 16 acres of Italian marble in its construction. I think it is fair to say that the Sultan could afford the services of any artist in the world. That he chose Orlando Lagman is a testament to his skill as an artist and the outstanding quality of his work.



# HERBERT ANAYA, HUMAN RIGHTS ACTIVIST

## HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. YATRON. Mr. Speaker, Monday's brutal murder of human rights activist Herbert Anaya once again demonstrates the violent tendencies of those committed to subverting Salvadoran democracy.

Mr. Anaya, the coordinator of the nongovernmental human rights commission [CDHES] in El Salvador, was gunned down by two unidentified gunmen after he dropped his children off at school. This reprehensible act was strongly condemned by President Jose Napoleon Duarte whose personal commitment to human rights and peaceful reconciliation in El Salvador is symbolized by his endorsement of the Arias peace plan. This most recent killing is relevant to the Central American peace plan. It represents a direct effort by rightwing extremists to undermine President Duarte's credibility, while at the same time eliminating by force those individuals whose views differ from their own.

The irony of this tragedy is the death squad which committed this heinous crime probably thought that it could find itself protected under the very plan it so strongly opposes. The Government of El Salvador, in a controversial decision, had indicated that it planned to apply the amnesty provisions of the Arias plan to rightwing human rights violators, as well as the Marxist guerrillas of the FMLN.

While I have concerns about the application of a comprehensive amnesty, I have learned that El Salvador's National Assembly has just passed legislation which provides for an amnesty for politically motivated crimes prior to the 22d of October. This decision would exclude the murderers of Mr. Anaya from protection under the new law.

Mr. Speaker, as a supporter of President Duarte in his valiant crusade for human rights, I think it is incumbent on the Government of El Salvador to bring to justice those responsible for Mr. Anaya's murder as a tangible sign that it is genuinely committed to establishing a credible, civilian court system based on the rule of law.

Further, the Reagan administration and the United States Embassy should make it very clear to the Government of El Salvador, and in particular the Defense Ministry, that the escalation of rightwing death squad activities could have serious implications for continued United States assistance and training for El Salvador's security forces.

# THE 75TH ANNIVERSARY OF THE FIRST WINDISH FRATERNAL BENEFIT SOCIETY OF AMERICA

## HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. RITTER. Mr. Speaker, the Lehigh Valley of Pennsylvania is proud to celebrate the 75th anniversary of the First Windish Fraternal Benefit Society of America.

At the turn of the century, the first pioneer Windish brothers migrated from Austria-Hungary and arrived in this community. As the Vendic population—Austria-Hungary—of the Lehigh Valley expanded in the early 1900's, the uppermost thought in their minds was to help the sick, widowed, and orphaned of their community. The fraternal society was formed for the purpose of filling these needs.

In 1912, the first meeting of the First Windish Fraternal Benefit Society was held. Present were 41 members of the community. Beginning in 1913, branch offices were opened in Palmerton, PA; New Brunswick, NJ; Steelton, PA; Bridgeport, CT; Pittsburgh, PA; and Allentown, PA. These branches served the same purposes as those of the home office.

In 1916, the home branch moved into their present quarters at 321 East Packer Avenue, Bethlehem, PA. Since that day in 1912, the society has grown to a membership of over approximately 1,700 members.

From the beginning, the First Windish Fraternal Benefit Society of America has looked toward the welfare of its membership and that of the communities its serves. One fine example of this participation, even in our national interest, is the record of more than 100 members serving in the Armed Forces to defend the United States in World War II.

Mr. Speaker, it is incumbent on this House of Congress to acknowledge and praise the efforts and history of this First Windish Fraternal Benefit Society of America. The purpose of this society reflects admirably the best intentions of our local communities and our Nation.

# A CONGRESSIONAL SALUTE TO MATSUI OSK

## HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. ANDERSON. Mr. Speaker, it is my honor to rise today to pay tribute to Matsui Osk on the occasion of the opening ceremony for their new container terminal. The opening ceremony will be held November 2, 1987.

In 1964, Matsui Osk was established by a merger of two companies that had a long history of trade with the United States, Matsui Lines and Osk. Since its inception, Matsui Osk has been in the forefront of innovations concerning shipping. A firm commitment to excellence, and the determination to be the best has propelled Matsui Osk to the heights of the shipping industry.

Matsui Osk is the first Japanese steamship line to offer Container Service between the United States and Japan. It is the largest liner operator, running more regularly scheduled routes in the world and is the second largest steamship line in Japan. It is also the first company to develop automobile carriers. Matsui Osk has built the first technologically advanced, state-of-the-art terminal of its kind in the Port of Los Angeles.

Matsui Osk maintains approximately 300 ships operating 40 trade routes, between 300 ports, throughout 100 different countries. It operates 10 eastbound and westbound double stack rail networks which form an intricate intermodal transportation network linking the

east coast to the west coast. In 1986, Matsui Osk founded Transpacific Container Service Corp. [TRAPAC].

Mr. Speaker, as you can see Matsui Osk is a successful, thriving business, and due to its leadership, Matsui Osk will continue to succeed and maintain its hold in the shipping industry. I would like to recognize the men who make up the Matsui Osk leadership; Minoru Nishioko, president; Matsuhiko Nakano, president of TRAPAC; John Maddox, vice president; George Marshall, Sr., vice president; Kii-chiro Aiura, president of Matsui Osk Lines International; and Shizuo Konduh, chairman of the board.

My wife, Lee, joins me in congratulating these men, their company, and their great accomplishments, and wish them continued success in the future.

# GRENADA: A VICTORY FOR FREEDOM

## HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. BROOMFIELD. Mr. Speaker, this past weekend marked the fourth anniversary of the United States rescue mission to Grenada. I want to commend the administration for its prudent decision to send U.S. forces to that island so that future generations of Grenadians would be able to enjoy the fruits of freedom.

That brave decision saved a nearby island nation from falling under the control of Cuba and other "internationalist" nations that are dedicated to forcing their failed revolutions on nearby states. Cuba has become the model in this hemisphere of the sad and dismal police states which have little to offer to the common man other than failed economies and empty promises. Nicaragua is clearly following the Cuban model. The Nicaraguan people want democracy and deserve it. America must do everything we can to help those who struggle for the freedom of that country.

Grenada has won a place in history as a living symbol of the victory of liberty over totalitarianism. During a visit to Grenada in 1986, President Reagan has cheered by the people of that island who called him "Uncle Reagan." He told them that "in the cause of liberty, all free people are part of the same family. We should all stand together as brothers and sisters."

I encourage the administration to continue to help Grenada as that new Government tries to build a better future for its people.

With these thoughts in mind, I commend the following New York Times article to my colleagues in the House:

[From the New York Times, Oct. 25, 1987]

SINCE U.S. LANDING, A NEW GRENADA

(By Joseph B. Treaster)

ST. GEORGE'S, GRENADA, October 24.—In the churches of Grenada on Sunday they will be saying prayers of thanksgiving to mark the day four years ago when American troops swept ashore to quell a spasm of violence that threatened to consume this beautiful Caribbean island.

For most Grenadians, the anniversary of what they refer to as "the rescue mission" is expected to pass quietly. Time and money



and advice from the United States and other countries have begun to heal the wounds. As one businessman put it, Grenada is "reverting to being a normal country."

No one has forgotten the execution of Maurice Bishop, the popular leftist Prime Minister, by his own soldiers. Nor have they forgotten the fear of more violence, possibly even civil war, as other hard-line leftist leaders made people prisoners in their own homes under a 24-hour curfew for nearly a week. The thunder of American bombs also remains vivid.

But the soldiers are gone now, the barbed wire has been rolled up and Grenadians are working out their differences on the floor of Parliament and in the pages of half a dozen papers.

#### "DEMOCRACY WITH FOIBLES"

"Grenada is now a functioning democracy with all the foibles," said one of the handful of United States diplomats who still monitor events in the country from a makeshift embassy in a cluster of resort cottages.

Grenada, with about 92,000 people, is a conservative and mainly Christian country. Most people acknowledge they had a love affair with Mr. Bishop, but they say they never subscribed to his Government's Marxism. And they say they doubt Mr. Bishop himself was a Marxist.

Some Grenadians say they yearn for the excitement of the Bishop rallies and the national pride they felt when he spoke. But most were happy to trade that for the calm that came after the American invasion and deepened as Herbert A. Blaize, 69 years old, a lawyer, took office as Prime Minister in late 1984.

For most Grenadians there was never any debate over whether the United States had a right to intervene. When the leftist government disintegrated, the country was in tatters. The farms had shriveled. Tourists had stopped coming.

#### GOOD ROADS AND ELECTRICITY

Some \$90 million in United States aid poured in, and Grenada now has some of the smoothest roads in the Caribbean, fairly reliable electricity and water, a powerful radio station, a new mental hospital, replacing one that was accidentally bombed, and a small industrial park.

The big international airport, which President Reagan pictured as a launching pad for Communist subversion when it was being built by Mr. Bishop's Government and Cuban construction crews, has been finished with American, British and Canadian help.

Unemployment is still high, estimated somewhere in the 20 to 30 percent range. But there has been a lot of local spending on the aid projects and you can almost hear the money jingling in Grenadian pockets. There are many new cars and refrigerators.

Grenadians have sunk their money into small hotels, gift shops and restaurants, and many are building houses.

The bonanza expected from the United States has not come. But the economy grew more than 5 percent last year. The country's crops—nutmeg, bananas and cocoa—have rebounded and world prices are up. Tourism, which jumped 31 percent from 1984 to 1985, has leveled off at about 57,000 stay-over visitors this year and last, and about 200 cruise ship visits for each of the two years.

In some ways, Grenada is experiencing democracy with a vengeance. Kendrick Radix, the former Attorney General of the People's Revolutionary Government, holds occasional rallies. Although he does not seem to have much of a following, he says he does not rule out violent rebellion.

Sir Eric Gairy, whose repressive style as Prime Minister led to the leftist takeover in

1979, is publishing a weekly newspaper and contemplating a comeback. The moderate coalition supported by the United States as a means of blocking a return to power by Sir Eric in the 1984 elections has fallen apart and many Grenadians say he has reason to be hopeful.

Urged on by American and British experts, Mr. Blaize abolished Grenada's income tax and created several new taxes. But he has had trouble collecting them and has borrowed heavily.

Last year, 17 soldiers and officials of the former leftist Government were convicted of killing Mr. Bishop and several friends and Cabinet members. Most were sentenced to death; all are appealing the verdicts.

The other evening, two teen-agers leaned against a roadside fence talking about their country and its leaders. They had been charmed by Mr. Bishop, but they did not fault Mr. Blaize.

"You'll find that the majority of the people just want a system that's sort of mixed, not too much capitalist, not too much socialist," one youth said.

"Just something to try to develop the land and keep down the chances of an uprising, a revolution. Grenada has had too much struggling for power. There's been too much emphasis on politics in Grenada. If we could put that behind us and just develop the land, that's what's needed."

#### ELECTRONIC NETWORK OF CALIFORNIA ORGANIZATIONS TO IMPROVE SERVICE TO HUNGRY AND HOMELESS

#### HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LELAND. Mr. Speaker, the establishment of a unique electronic network that will substantially improve the delivery of services to hungry and homeless people was announced yesterday. HandsNet, as the innovative project is called, was made possible by grants from Apple Computer, Inc., and Hands Across America. It links 48 organizations in California by computer enabling them to share information and benefit from each other's research and resources.

The idea for HandsNet was proposed to Apple by the California Organizing Committee, whose charter was to distribute \$1.2 million in Hands Across America funds and coordinate the programs and resources of service providers within the State. The resulting collaborative effort brought together a combination of public, private, and corporate resources to solve the serious and continuing problems of hunger and homelessness.

Hands Across America has shown wisdom in its fund distribution approach which leverages relatively small amounts of money by combining them with local energies, initiatives, and funding sources to make a big contribution. Apple has made its largest single donation to date with the package of personal computer systems, printers, and telephone modems. Seven other corporate donors have also made grants to the network.

The participating agencies include a balance between urban and rural areas, equally divided between small and large groups. For example, a homeless coalition of 500 shelters and a food network of 80 food pantries, food

bank, and gleaners groups are represented as well as smaller church-operated organizations.

The types of valuable information that will be shared on HandsNets include:

Maintaining participation, waiting list, and other pertinent data on programs such as Food Stamps, Women, Infants, and Childrens Special Supplemental Feeding [WIC], and Elderly Nutrition;

Posting lists of available surplus food, thus permitting foodbank operators to coordinate trucking and distribution;

Centralizing county data so that agencies can make better use of census figures, local poverty statistics and cost-of-living indexes to help people to find jobs and permanent housing.

In addition to the telecommunications network, HandsNet staff will set up a parallel network for use as an interactive data base for the collection of demographic and statistical information. HandsNet will be linked with two private Washington, DC, agencies who lead in national research on problems of poverty and hunger—Food Research and Action center and the Center on Budget and Policy Priorities.

HandsNet demonstrates that the American people can apply their traditional inventiveness and creativity in solving problems even one as seemingly intractable as hunger. It also shows their generosity and compassion in directing talents and resources to those who need a helping hand.

HandsNet has great potential for improving the quality and timeliness of food and shelter assistance. It is the hope of all concerned with alleviating hunger, particularly the program's organizers, that the success of this program will lead to its replication throughout the country. Thus, the benefits of modern technology may in the near future enhance service to those who live below the margin of poverty in all parts of the Nation.

#### IN HONOR OF ADRIAN E. SCHARLACH

#### HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LEVINE of California. Mr. Speaker, I rise today to congratulate Adrian E. Scharlach, a good friend and civil leader, on the occasion of his 70th birthday. On that date, November 10, 1987, his family and friends will gather to celebrate this joyous event.

Adrian E. Scharlach was born in San Francisco and attended Lowell High School and the University of California at Berkeley. During his teens he became responsible for running the family men's clothing business.

Adrian served when his country called during World War II and attained the rank of captain of the infantry in the Army. Adrian Scharlach saw service at Normandy and in Belgium, and was awarded the Bronze Star for bravery.

Shortly after entering the real estate business, Adrian became the head of a corporation which owned a string of hotels, including the Leamington Hotel, up to that time the largest in Oakland. Through his work he was elected to two terms as president of the East



Bay Hotel Association. He gave this association new direction and modernized its procedures, helping bring Oakland to the forefront of bay area communities.

Adrian Scharlach is a long-time member of the Concordia Club, one of the oldest and most important Jewish social organizations in the West. Adrian served as chairman of a number of committees and was elected vice president of the club.

Mr. Scharlach served as president of the Northern California Division of the American Jewish Congress, an organization founded by Supreme Court Justice Louis Brandeis to strengthen human rights and promote civil liberties.

While president, Adrian Scharlach organized a task force to investigate the quality of care in San Francisco nursing homes which has enabled hundreds of senior citizens and their families to select the facility which best meets their needs. Subsequently, Adrian Scharlach was elected national vice president of the American Jewish Congress.

Adrian Scharlach is the father of my dear friend Edmund Scharlach, producer and writer for network television, and Andrew Scharlach, professor at the University of Southern California; stepfather of Stephen Cohen and Cynthia Cohen Taylor. He resides in the San Francisco Bay area with his wife, Jacqueline.

I am pleased to ask my colleagues in the U.S. House of Representatives to join me in wishing Adrian Scharlach and his family a warm and happy celebration now and for the future.

### THE ECONOMY

#### HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, October 28, 1987, into the CONGRESSIONAL RECORD:

#### THE ECONOMY

The recent record-breaking convulsions in the stock market came as an unwelcome surprise. The great concern is that a recession or, even worse, a depression may follow, just as the Great Depression followed the stock market crash of 1929. Fortunately, this is not likely to happen. Today's economy is better equipped to handle financial shocks. The Federal Reserve has announced it will not allow a monetary contraction as occurred in the Depression, and numerous economic reforms have been instituted since the 1930's to protect the economy. Federal deposit insurance, unemployment insurance, social security and other elements of the so-called safety net now guarantee against widespread destitution and help prevent financial panic. The Federal Government today takes much more responsibility in managing, regulating and stabilizing the economy than it did in the 1930's.

But no one can predict what the impact of the stock market decline will be on the economy. The key factor will be the extent to which confidence in the economy has been shaken. Consumer confidence, which is the pivotal factor in driving trillions of dollars of spending decisions, must be watched very closely in the days ahead. My suspicion is that even if the market recovers substantially, the basic confidence in the economy

has been shaken. Even if the market crash does not precipitate a downturn, it still signals a pressing need to get our economic house in order.

I do not agree with the assurances that the economy is being guided by sound economic policies. The basic conditions of the economy certainly are in better shape than they were in 1929, but there is obviously plenty wrong that needs to be corrected.

Looking back over the 1980's, the American economy has posted some solid achievements. We have had almost five years of economic growth—the longest peacetime expansion on record—with an inflation rate that has averaged less than 4 percent per year. Interest rates, while rising recently, are still much below their levels in 1980 and 1981. The unemployment rate is now 5.9 percent, the lowest level in eight years. Despite a loss of 1 million manufacturing jobs, more than 12.5 million new jobs have been created since 1982.

Yet these economic achievements have made it possible to overlook growing signs of economic mismanagement, both here and abroad.

For months the so-called "twin towers," the huge stubborn U.S. trade deficit and the Federal Government's budget deficit, have cast a shadow over the Nation's economy. The Federal Government and the Nation have been living far beyond their means, with both borrowing heavily to make up the difference between what they spend and what they take in. The United States has become a debtor nation for the first time since World War I, now owing more than \$300 billion to foreign investors. Though inflation is down, the recent decline in the value of the dollar could bring a new bout of rising prices, led by imported goods. This renewed threat of inflation has induced the Federal Reserve to raise interest rates in recent months, which has been depressing homebuying and business investment across the country. The Wall Street gyrations may remind us that deficits are dangerous policies. These debt levels have certainly contributed to the concern about the economy and the instability of the dollar.

Japan, Germany and other Western European countries have also mismanaged their economies. With high unemployment and large trade surpluses, policymakers abroad should be expanding their economies in order to create new jobs and absorb more of their own production, as well as more exports from the United States. But their efforts have been only half-hearted, contributing to the world imbalances.

That stock markets fell all over the world suggests that investors everywhere are losing confidence in the current management of the world's major economies.

The stock market tremors arise from great strains and imbalances in the American economy. They must be addressed vigorously, or we will be in deep trouble. The message on the stock market decline is that it is time for a change in economic policies. It is that we should not be running these huge deficits, and that we should now do what we should have been doing all along to take care of the imbalance in the economy. The required repairs are obvious. They include a much smaller federal deficit; a better balance between consumption and production, leading to a lower trade deficit; lower interest rates and more investment. My own view is that we have done ourselves a lot of damage in the past several years with our economic policy and have made much more difficult the long run prospects for the U.S. economy.

Japan, Germany and the rest of Western Europe will have to make their contribution by stimulating growth and importing more

from the United States. In turn, the U.S. will have to reduce its dependence on foreign lenders by getting its budget deficit under control.

The changes will not come easily. Although Congress and the President recognize the necessity of reducing the federal deficit, there are fundamental disagreements over how it should be done. The paramount task is to break the stalemate between the President and the Congress on the major budget issues.

We simply cannot postpone all action on the budget deficits for another year or two, just because we find it difficult to make decisions. In the shadow of the economic crisis, congressional leaders and the President have agreed to begin discussion about a compromise budget package with all disputed issues on the table. There is an immense opportunity in this crisis of political will and economic confidence. In many respects, the world economy has never been more solid. The economic prospects before us are incredible, if only we can meet the challenges.

### THE EMPLOYEE POLYGRAPH PROTECTION ACT

#### HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. RICHARDSON. Mr. Speaker, I submit for the RECORD my testimony before the Rules Committee explaining my amendment to the Employee Polygraph Protection Act:

TESTIMONY OF BILL RICHARDSON, OCTOBER 28, 1987

Mr. Chairman, when the House of Representatives considers H.R. 1212, the Employee Polygraph Protection Act, I plan to offer an amendment to counter the problems of theft and diversion of controlled substances into the illegal drug market.

Specifically, my amendment exempts those companies authorized by the Federal Government to manufacture, distribute, or dispense controlled substances from the polygraph ban. The intent of the amendment is to minimize the diversion and theft of dangerous drugs and narcotics from legitimate sources in the United States. The exemption is narrowly drawn: The test can only be administered to employees or prospective employees who would have direct access to the manufacture, storage, distribution, or sale of controlled substances. The amendment also explicitly prohibits polygraph test results from being used as the sole determining factor for hiring, disciplining, or firing an employee.

Mr. Chairman, I believe my amendment will provide an important and needed exemption to the Employee Polygraph Protection Act. Both the Drug Enforcement Agency and the General Accounting Office estimate that 250 to 270 million dosage units of legally manufactured drugs are stolen or diverted into illicit channels annually. These losses are not only incurred by manufacturers but occur throughout the retail chain including retail pharmacies, warehouses, and trucks in transit. The methods by which controlled substances are diverted for illegal purposes vary from outright employee theft to computer fraud, illegal sales, shipment thefts, and stolen prescription pads.

Finally, my amendment is the exact word for word language adopted by the House in the 99th Congress when we debated a simi-



lar bill restricting polygraph tests. Mr. Chairman, and members of the committee, I respectfully ask that my amendment be considered in order under the rule.

AMENDMENT TO H.R. 1212, AS REPORTED OFFERED BY MR. RICHARDSON OF NEW MEXICO

Page 8, after line 13, insert the following new subsection:

(d) EXEMPTION FOR DRUG SECURITY, DRUG THEFT, OR DRUG DIVERSION INVESTIGATIONS.—This Act shall not prohibit the use of a lie detector test by any employer authorized to manufacture, distribute, or dispense a controlled substance listed in schedule I, II, III, or IV pursuant to section 202 of the Controlled Substances Act (21 U.S.C. 812) to the extent that—

(1) such use is consistent with—  
(A) applicable State and local law, and  
(B) any negotiated collective bargaining agreement,

that explicitly or implicitly limits or prohibits the use of lie detector tests by such employer;

(2) the test is administered only to an employee who has, or a prospective employee who would have, direct access to the manufacture, storage, distribution, or sale of any such controlled substance; and

(3) the results of an analysis of lie detector charts are not used as the sole basis upon which any employee or prospective employee is discharged, dismissed, disciplined in any manner, or denied employment or promotion.

#### IN MEMORY OF B. RAY THOMPSON

#### HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DUNCAN. Mr. Speaker, with the death of B. Ray Thompson, Knoxville, and indeed all of east Tennessee, loses a good friend and respected businessman. He died after 81 years of hard work and philanthropic activities.

As a child, Thompson worked with his father in a sawmill located on Cumberland Mountain in Tennessee. Thompson later decided not to go to college because he was ready to go to work full time and make something out of himself. One of his first jobs was that of a salesman with a coal brokerage firm. Other business interests in timber and banking made him a multimillionaire, one of the wealthiest individuals in Tennessee. To Thompson's credit, however, he generously contributed to hospitals, schools, and cultural programs throughout the State, sharing his wealth to improve his community.

Because of his contributions, the Fort Sanders Regional Medical Center in Knoxville will be establishing the Thompson Cancer Survival Center. Such a center would be capable of providing services to individuals with cancer, and their families, enabling them to receive the best treatment and counseling available in their own community. Thompson established the center so that cancer victims could receive good care close to home. Both he and his second wife, who died in 1953, suffered the effects of bouts with cancer. He wanted to spare others as much pain as possible.

Other organizations in Knoxville which benefited from Thompson's philanthropic nature include the University of Tennessee theater program, the Knoxville Symphony, and the

Knoxville Civic Opera Co. The university has also named its new basketball arena for him; an arena which otherwise would have been impossible to construct. The following Knoxville News-Sentinel editorial, October 23, further outlines his life and accomplishments, as does the Kaye Franklin Veal article of the same date.

#### B. RAY THOMPSON

To B. Ray Thompson, vast wealth had a special meaning; he used much of his for the benefit of others.

Thompson, 81, died Thursday of cancer, a disease that also took the life of his second wife, Mary Louise Moore Thompson. Because of her battle with the dread disease, Thompson gave more than \$7 million to establish the \$30 million Thompson Cancer Survival Center now under construction across Clinch Avenue from Fort Sanders Regional Medical Center.

Thompson, who amassed his fortune in the coal, timber and oil business, was a native of the mountains of Scott County. He skipped college because he said he wanted to start making it in the world. Make it he did. He became a multimillionaire. He came to Knoxville in 1941. He also had a ranch in Louisville, Tenn., where he raised Charolais cattle.

His business organization, Elk River Resources Inc., composed of about 20 companies with 10,000 employees, was sold in 1979 to Sun Oil Co. for about \$300 million in Sun Oil stock. He also had been in the banking business, first as a director of the old Hamilton National Bank and later the United American Bank.

This sentimental man with a gruff exterior was a supporter of various organizations, such as the University of Tennessee's theater program, the Knoxville Symphony and the Knoxville Civic Opera Co. He was a strong backer of Harrison-Chilhowee Academy, and he gave \$75,000 toward the goal of \$200,000 for new pediatric neurology laboratory at Children's Hospital. He made many other financial gifts during his later years. He had served as a trustee of Tusculum College, Greeneville. He was a member of Sequoyah Hills Presbyterian Church, and of the Development Council at Fort Sanders hospital.

In 1981, Thompson was presented the Human Relations Award of the Knoxville Roundtable of the National Conference of Christians and Jews for outstanding contributions to his community.

One such contribution was revealed recently when he was identified as the donor of \$5 million in 1983 to help build the \$30 million, 25,000-seat UT basketball arena.

He reluctantly agreed to use his name in connection with the arena as long as the name of retiring UT president Ed Boling was also included. So the arena was named the Thompson-Boling Assembly Center and Sports Arena.

B. Ray Thompson will be missing as a generous, caring member of this community, but he won't be forgotten.

#### ET'S GREAT BENEFACITOR DIES AT 81

(By Kaye Franklin Veal)

"Robert Browning once said a man's reach should exceed his grasp, else what is heaven for. Someone who has never settled for less than he could is B. Ray Thompson, who has made the dream for the finest cancer center come true."—Dr. Archer Bishop, chairman of the board, at the cornerstone ceremony for the Thompson Cancer Survival Center, July 24, 1987.

Multimillionaire B. Ray Thompson, though as the men who dug his coal and

felled his timber, was being remembered today by his friends and fellow citizens.

The 81-year-old Thompson died Thursday of cancer, a disease he hated so much he had given at least \$7 million to establish the \$30 million Thompson Cancer Survival Center.

It is under construction across Clinch Avenue from Fort Sanders Regional Medical Center in Knoxville, where Thompson died early Thursday morning.

It was May 31, 1953, that the multimillionaire stood at a window of the Fort Sanders Hospital room of his young second wife, Mary Louise Moore Thompson, who grew up in Clinton, and watched her die of colon cancer after seven operations in a three-year battle.

He called her the bravest person he had ever known and vowed one day to do what he could to save others.

He did not know four years ago when he started the Survival Center project that he would soon find himself victim of the same disease.

He underwent cancer surgery at Baptist Hospital about two years ago. In recent months, he had been in and out of Fort Sanders several times. He was returned to Fort Sanders early Saturday.

Earlier this month, he went home to his Blount County ranch knowing there was little else the doctors could do for him.

He wanted to go home to his 400-acre ranch on Fort Loudoun Lake, where he raised Charolais cattle. There he found sanctuary from the business world and once said it was his "favorite place on earth." More than 150 geese live on the waters of the farm. In June, his last birthday was celebrated there with close friends. Barbecue and live bluegrass music kept the host happy as he blew out 81 candles on his cake.

He had wanted to die at home, he said, looking out at his ranchland and cattle.

He had beamed with pride on July 25 as the ground-breaking and cornerstone-laying of the cancer center launched his dream. However, his health quickly declined after that.

Before his death, Thompson allowed the University of Tennessee to reveal that he was the anonymous donor of \$5 million in 1983 to help build the \$30 million, 25,000-seat UT basketball arena.

UT officials had often asked Thompson to let them announce his major gift and name the arena in his honor. He reluctantly agreed after his condition worsened last month, on the condition that retiring UT President Ed Boling's name was included, too. The facility will be named the Thompson-Boling Assembly Center and Sports Arena.

President Boling said Thursday, "B. Ray Thompson believed in the University of Tennessee. . . . Ray preferred that his support of the university remain anonymous."

"But I must say that his acts of generosity enabled the university to achieve levels not otherwise possible in many programs, particularly in business, engineering and agriculture."

John Moxham, president of the Fort Sanders Foundation, the parent corporation of the hospital, said "the most fitting tribute we can make . . . is to see his dream of a top-notch cancer survival center here come true."

Alan Guy, president of Fort Sanders hospital, termed Thompson "an absolute treasure . . . not just in terms of money . . . but his enormous energy."

Thompson made substantial other financial gifts during his later years, many of which are unknown.



He was a strong backer of Harrison-Chilhowee Baptist Academy and gave \$75,000 toward a goal of \$200,000 for a new pediatric neurology laboratory at Children's Hospital in honor of his good friend, the late Dr. Bill Hill, a pediatrician.

He was chairman of the executive board of the defunct United American Bank when it was closed by the Federal Deposit Insurance Corp. as the banking empire of Jake Butcher crumbled. He reportedly lost about \$2 million.

His company, Elk River Resources Inc., with about 10,000 employees, merged into Sun Oil Co., based in Radnor, Pa., in late 1979, with Thompson receiving about \$300 million in Sun Oil stock.

At the time, the Sun company was the 10th largest oil company in the country. Elk River comprises about 20 companies. After the sale, Thompson continued as president and chairman of the board.

Thompson's first company was Shamrock Coal Co. in Kentucky. He also owned Jewell Smokeless Coal Corp. in Virginia and the Oneida Coal Co. in West Virginia.

Thompson first came to Knoxville in 1941 from his native Scott County. He laughed when he said his birthplace in Elgin, Tenn., was so deep in the mountains "that daylight had to be piped in."

He skipped finishing high school, saying he wanted to get started making a success of himself in this world.

Thompson was an active supporter of the UT theater program, the Knoxville Symphony and the Knoxville Civic Opera Co. He was a member of the development council at Fort Sanders hospital, supported Children's Hospital and served as a trustee of Tusculum College in Greeneville.

He was a member of Sequoyah Hills Presbyterian Church. He belonged to Cherokee Country Club, was an avid golfer and played in the same foursome of pals for many years.

The Thompsons had wintered for years in Naples, Fla., the last few years in their new penthouse atop a condominium complex. He played golf almost every day.

In 1981, the Knoxville Roundtable of the National Conference of Christians and Jews presented its Human Relations Award to Thompson.

In 1966, he married the former Lucille Stansberry Kohlhasse, of Clinton and Fort Lauderdale, Fla. Besides his Blount County ranch, the couple also maintained a home in The Westlands condominium in West Knoxville.

The oldest children, B. Ray Thompson Jr. and Jack Thompson, are children of his first marriage to Jessie Jackson Thompson, a native of Oneida, who died giving birth to Jack.

His stepdaughter, Sandi Kohlhasse Bishop, was born to his present wife, Lucille, during an earlier marriage, but she was a daughter to him, family friends said. Sandi Bishop's husband, Dr. Archer Bishop, an orthopedic surgeon, is chairman of the Thompson center.

"He was gruff on the surface and a tough, tough businessman," said one friend, "but underneath he was a very sentimental person." He adored his three children and doted on his 12 grandchildren and five great-grandchildren, the friend said.

In addition to his wife, the two sons, the stepdaughter, grandchildren, and great-grandchildren, he also leaves two sisters, Maxine Tittsworth, Knoxville, and Imogene Cheely, Clinton, and a brother, John Thompson, of Decatur, Ala.

A memorial service will be held at 10:30 a.m. Saturday at Sequoyah Hills Presbyterian Church, with the family receiving friends there after the service.

The family has asked that contributions be made to the Thompson Center. Mann's Heritage Chapel is in charge.

## PRESIDENT REAGAN'S REMARKS TO THE CORPS OF CADETS, WEST POINT, OCTOBER 28, 1987

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. GILMAN. Mr. Speaker, this morning I had the privilege to accompany the President to the U.S. Military Academy, in New York's beautiful mid-Hudson Valley, at West Point.

The President could not have chosen a more appropriate setting to address the Cadets and the Nation with respect to our arms control negotiations.

I believe that our colleagues would welcome sharing the President's thoughts. Accordingly, Mr. Speaker, I request that the President's remarks be printed in full at this point in the CONGRESSIONAL RECORD:

TEXT OF REMARKS BY THE PRESIDENT TO THE  
CORPS OF CADETS OF THE U.S. MILITARY  
ACADEMY

Secretary Weinberger, Congressman Gilman, General Palmer, General Gorden, members of the staff and faculty, ladies and gentlemen of the United States Military Academy:

I want to thank you for all your hospitality, especially since I'm an old Army man myself. It was back in the thirties that I joined the Army Reserves as a member of the 14th Regiment of the—get ready—Horse Cavalry.

In 1778, George Washington erected a fort high upon a granite point overlooking the Hudson, to guard the region of New York in the event of a British attack. And now for more than 180 years, the United States Military Academy here at West Point has in effect extended and carried on that first mission. For here we train the men and women whose duty it is to defend the Republic—the men and women whose profession is watchfulness—whose skill is vigilance—whose calling is to guard the peace, but if need be, to fight and to win.

More than 180 years, West Point in this time has established and added luster to a proud story—a story of courage and heroism, of sacrifice, and yes, very often the ultimate sacrifice. It is the story of men like Ulysses Grant, the son of a humble tanner in Ohio who went on from West Point to save the American Union. It is the story of Dwight David Eisenhower, a Kansas farm boy who learned the skills at West Point that enabled him to command the mightiest invasion force in history; and of Douglas MacArthur, an acknowledged genius in war, who showed himself during the occupation of Japan to be a genius in peace as well.

And if I may, it is the story of men like General Fred Gorden. The only black cadet in his class, today General Gorden has come back to West Point as commandant—setting an example for you, and indeed for all young Americans, of what hard work and devotion to duty can achieve.

These last two names I mentioned—General Gorden and General MacArthur—call to mind a special moment in the history of this Academy. For it was 25 years ago that General of the Army Douglas MacArthur stood in this spot and addressed the cadets of West Point. And General Gorden—at the time cadet Gorden—was sitting where you are today. It was a moment cadet Gorden

would never forget. Just days from graduation, he looked around this mess hall and saw war-hardened officers moved to tears by the power of MacArthur's words.

"The long gray line has never failed us. Were you to do so, a million ghosts . . . would rise from their white crosses, thundering those magic words: Duty, honor, country."

Then MacArthur added:  
"This does not mean that you are warmongers. On the contrary, the soldier above all other people prays for peace, for he must suffer and bear the deepest wounds and scars of war."

General Palmer, ladies and gentlemen of West Point, it is because you above all other people pray for peace—but must bear the burden, should that peace fail—that I have come here today. For I want to speak about relations between the American Republic and democracy's main competitor, the Soviet Union—relations that are likely to shape the whole course of your careers as professional soldiers. I want in particular to discuss our present efforts for arms reduction—efforts that may soon be yielding historic results.

But first, some essential background. From the beginning, our Administration has insisted that this country base its relations with the Soviet Union upon realism, not illusion. This may sound obvious. But when we took office, the historical record needed restatement. So restate it we did:

We told the truth about the massive Soviet build-up. We told the truth about Afghanistan and Poland. We told the truth about economic growth and standards of living—that it is not the democracies that have backward economies, that it is not the Western World in which life expectancy is actually on the decline. We told the truth about the moral distinction between their system and ours.

When our Administration took office, we found America's military forces in a state of disrepair.

Today the situation is very different. Pay and training for our Armed Forces are up. The Navy has been expanded. Weapons systems of all kinds have been modernized, making full use of the technological revolution—as a result of our efforts, you in the Army will see the fielding of more than 400 new systems. And we have begun work upon a dramatic new departure, both in military strategy and technology, our Strategic Defense Initiative which offers the hope of rendering ballistic missiles obsolete and of ensuring deterrence by protecting lives, not threatening them. In brief: We have replaced weakness with strength.

To turn now from background to specific substance: The agenda of our relations with the Soviet Union has focused upon four critical areas. First, human rights, because freedom is what we stand for as Americans. Second, negotiated settlement to regional conflicts. Third, expanded exchanges between our peoples. And fourth, arms reduction.

In some areas of this four-part agenda, we have seen progress. Cultural, scientific, and other bilateral exchanges have shown a dramatic increase since my 1985 meeting with Mr. Gorbachev in Geneva. In human rights, too, we have seen some positive developments. Some political prisoners have been released.

Emigration figures are up somewhat. And of course there is talk of reform in the Soviet Union—of some liberalizing changes in Soviet laws and of economic reforms that could give greater scope to individuals initiative.



We harbor no illusions: While changes have taken place in the Soviet system, the one-party system unchecked by democratic institutions remains unchanged. Yet we welcome such changes as have taken place. And we call upon them to make still more.

It is in regional conflicts where Soviet performance has been most disturbing. Anyone searching for evidence that the Soviets remain expansionist—indeed, imperialist—need look no farther than Nicaragua or Afghanistan.

Our policy in these regional conflicts is straightforward. We will continue to engage the Soviets seeking to find political solutions to regional conflicts—solutions that eliminate foreign troops and return the fate of nations to their own people. In Nicaragua, we support the peace plan agreed upon by the Central American presidents last August—insisting upon the establishment of full and genuine democracy in Nicaragua. Moreover, Soviet-bloc and Cuban forces must leave that nation; this is essential to protect our own security.

As for the democratic resistance in Nicaragua: Year upon year for 7 years now, they have fought and sacrificed and endured. It is the resistance—the brave members of the resistance, many of them no more than teenagers—who have kept the Communist Sandinistas from consolidating their power and forced them into the current peace plan. It is the resistance, in short, that has given Nicaragua at least a chance for true freedom.

My friends, I know you agree: We must not abandon these courageous men and women, these soldiers. So let me promise: Nicaragua will have its freedom. And we will help the resistance carry on its brave fight until freedom is secure.

This brings me to the final area on our agenda for U.S.-Soviet relations, arms reductions. For here our realism and commitment are close to producing historic results.

It was in 1977 that the Soviet Union first deployed the SS-20. The SS-20 was a qualitatively new and unprovoked threat against our friends and allies, a triple-warhead nuclear missile capable of striking anywhere in Western Europe and much of Asia mere minutes after being launched.

You must remember that NATO had no comparable weapon in its arsenal with which to counter this new force.

By 1979, the Soviets had deployed some 130 INF missiles, with 390 warheads. General Secretary Brezhnev declared that "a balance now exists." In March 1982 they declared a "moratorium" on the deployment of new INF missiles in Europe. But this was only a cover, and by August 1982, the number of Soviet INF missiles had climbed to over 300, with more than 900 warheads.

How did the West respond? In 1977, Chancellor Helmut Schmidt of West Germany led the call for the deployment of NATO's own INF missiles to counter this new Soviet threat. And in December 1979, NATO made a two "track" decision.

First, the United States would negotiate with the Soviets, attempting to persuade them to withdraw the SS-20s.

Second, as long as the Soviets refused to do so, the United States would indeed deploy a limited number of its own INF missiles—Pershing II and ground-launched cruise missiles—in Europe.

It is important to stress that the aim of this decision was not in itself the deployment of American missiles. That was only to be the means to an end. In the words of Valéry Giscard d'Estaing, President of France at the time of the 1979 NATO decision, "... the deployment of Pershing IIs in Europe ... was a tactical exercise,

whose preferred goal was to compel the Soviet Union to eliminate the SS-20s."

No doubt the Soviets wanted to test NATO resolve. And indeed, the deployment of our INF missiles had to be carried out in the face of sharp political protests and even mass demonstrations.

I remember speaking in Bonn in 1982. Thousands of demonstrators chanted and marched. And I couldn't help thinking: What irony. For it was to secure the peace they sought and the freedom they were exercising, that we were deploying the missiles they protested.

Yet NATO held firm. And yes, it was when we showed strength that if need be we would ensure the credibility of our deterrent posture, by meeting force with force, that the Soviets—after first walking out of the negotiations—eventually returned and began to talk seriously about the possibility of withdrawing their own INF missiles.

I am pleased to say that the agreement we are nearing is based upon the proposal that the United States, in consultation with our allies, first put forward in 1981—the zero option. The class of U.S. and Soviet INF missiles.

According to this agreement, the Soviets will be required to remove four times as many nuclear warheads as will the United States. Moreover, the Soviets will be required to destroy not only their entire force of SS-20s and SS-4s, but also their shorter-range ballistic missiles, the SS-12s and SS-23s. As I said, all these missiles will be eliminated. How will we know that the Soviets have actually destroyed their missiles? As you know, the Soviets have an extensive record of violating past arms control agreements. So, frankly, we're not going to take their word for it.

Any treaty I agree to must provide for effective verification, including on-site inspection of facilities before and during reductions, and short-notice inspections afterwards. All in all, the verification regime we have put forward is the most stringent in the history of arms control negotiations. I will not settle for anything less.

At the same time that we have been moving forward on INF missiles, we have attached the highest priority to achieving deep reductions in U.S. and Soviet strategic arms. Even Mr. Gorbachev has described strategic weapons as the "root problem" in arms control, and we agree. To that end we have expedited the strategic arms negotiations in Geneva. Much progress has been made in reaching accord on our proposal of cutting strategic arsenals in half. The Soviets must, however, stop holding strategic offensive reductions hostage to measures that would cripple our S.D.I.—particularly since the Soviets are already spending billions on a strategic defense program of their own.

And this brings me to what happened last week in Moscow.

As Secretary Shultz has reported, he had lively, sometimes heated discussions with Foreign Minister Shevardnadze and General Secretary Gorbachev. That was no surprise. The whole range of issues on our agenda was covered. There was important positive movement toward an INF agreement and there was progress in other areas as well, not only in arms reduction. As I announced earlier today, Foreign Minister Shevardnadze will come to Washington Friday to meet with me and Secretary Shultz to continue these discussions.

Let me repeat what I have said before. Summits can be useful for leaders and for nations—occasions for frank talk and a bridge to better relations. It would be good for Mr. Gorbachev to see this country for himself. I am ready to continue and intensify our negotiations but a summit is not a

precondition for progress on the agenda at hand.

When the General Secretary is ready to visit the United States, I and the American people will welcome him.

Let us remember that we've reached this point only as a solid alliance—an alliance made up of NATO, Congress, and the American people. If we are to continue to see real results and to convince the Soviets to bargain seriously, this cohesion must continue.

Now, some have argued that when the INF missiles have been removed, our commitment to Europe will have been weakened. Yet, this is simply untrue.

We maintain our firm commitment to the NATO strategy of flexible response, ensuring that the Alliance is capable of blocking aggression at any level. In Europe itself, we will retain a large force of nuclear weapons of many types, including ground-based systems—and aircraft and submarines capable of delivering nuclear weapons. And in consultation with our NATO allies, we have agreed that further nuclear reductions can take place only in the context of a substantial improvement in the balance of chemical and conventional forces.

During the years of these negotiations, new realities have come into play—new realities that present new opportunities. In particular, in recent years we have seen the emergence among some of our European allies of a willingness, even an eagerness, to seek a larger, more closely coordinated role for Western Europe in providing its own defense. We Americans welcome this.

For these four decades, NATO has in effect represented an alliance between a number of partners and one very senior partner. Yet today our European allies have risen from the ruins of war to vitality, prosperity, and growing unity as a continent. And so I would submit that now the Alliance should become more and more among equals, indeed, an alliance between continents. In the words of former Secretary of State Henry Kissinger, the time has come for our country, quote, "... to ... welcome a European identity in defense, which in the end is bound to spur Atlantic cooperation."

This, then, is the accounting that I have come here to give you. For, ladies and gentlemen, of West Point, I believe that from time to time we who are your civilian leaders owe that—an accounting—to you who bear the burden of our decisions.

But I have come not only to inform you. I have come to enlist your help.

If we do reach an INF agreement with the Soviets, when its provisions have been fulfilled and the INF missiles destroyed, you will be assuming your posts as platoon leaders and troop commanders—and even then, when I and the members of my Administration will already have been some years out of office, your careers will only be beginning.

So I ask you to guard the future of the Republic. Use the courage and steadiness that this Academy is teaching you in dealing with our adversaries. Employ all your skill as a soldiers and goodwill as Americans in preserving and strengthening the emerging relationship with our friends and allies. And always—always remain true to the values for which this Academy and our country stand: Duty. Honor. Country.

As Commander-in-Chief these seven years, I have been struck again and again by the professionalism of our military officers and by the dedication of the soldiers I have met in the field. But one who impressed me most deeply is a member of the United States Army, I never met.

His name was Sean Luketina, and he was 23 years old. He did not have the privilege



of attending this Academy. He was a sergeant, a soldier like those you will command.

In this month of October, 4 years ago, Sean Ludetina fought in the invasion of Grenada. He was wounded—badly wounded. He was evacuated to a hospital in Puerto Rico, where his father, a retired Army officer, joined him. He slipped in and out of a coma. During a moment when he was conscious, his father asked him: "Sean, was it worth it?"

"Yes, Dad, he answered.

Then his father asked: "Son, would you do it again?"

Sergeant Luketina looked into his father's eyes and said simply this: "Hell yes, Dad."

Duty. Honor. Country.

Sean Ludetina died for the cause that the Army of this Republic has always served, from the hunger and bloody snow of Valley Forge to the heavy demands of vigilance upon the borders of Germany and Korea. It is the cause of life as God meant life to be lived. It is the cause of human freedom.

And so the proud words again today as they did 25 years ago, as they will at this Academy 25 years hence, and 25 years after that.

Duty. Honor. Country.

Permit me to say as well that I feel something today of what General MacArthur must have felt. Your youth, your optimism—they give me strength. And as I look out upon your young faces, I feel as one who will depart the stage almost before you have made your first entrance—I feel in my heart a great confidence in the future of our country.

For I know that you will defend the future.

And it is true.

"The long gray line has never failed us."

Thank you and God bless you all.

#### WESTERN STATES LEGAL FOUNDATION

#### HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DELLUMS. Mr. Speaker, I rise to bring to the attention of my colleagues an important legal resource for individuals and organizations interested in preserving the rights of those who protest governmental policies concerning the nuclear arms race.

Western States Legal Foundation was formed by a group of concerned lawyers, community organizers and individuals who believe that people demonstrating nonviolently for sane environmental and socially just policies should have the legal resources to defend themselves from attack which is leveled at them simply because they choose to exercise their first amendment rights.

I have come to know of their work over the 5 years of their existence and appreciate very much their efforts in providing timely information as well as the unique approaches that they have taken in representing the due process rights of demonstrators, as in the Livermore Labs demonstration case of 1983.

I particularly want to join with others who are sponsoring a fifth anniversary celebration for Western States Legal Foundation on November 10, 1987, in honoring the board of directors and current staff members Jacqueline Cabasso and Andrew Lichterman for their re-

lentless efforts on behalf of those wishing to exercise their right to nonviolent protest.

#### EAGLE SCOUT GREGORY A. MILLS

#### HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LIPINSKI. Mr. Speaker, it is with great pleasure that I call to the attention of my colleagues an exemplary young citizen, Gregory Mills. He will be recognized on Sunday, November 22 for achieving the highest rank in scouting, "Eagle Scout."

In becoming an Eagle Scout, he will join the ranks of a very select group. The individual tasks which he had to complete are impressive alone. These tasks challenged every facet of his personality—mental, physical, psychological and more. His accomplishment becomes even more notable when it is viewed cumulatively. That is, the entire sum of achievements and the perseverance of character demanded illustrate just what high caliber young man Gregory is.

In today's society, our youth are truly bombarded with a variety of lifepaths to choose from. While the freedom of choice is in itself good, too often we hear of young people who are led astray by the ignorance of their years to a lifestyle they do not deserve. It is always refreshing to recognize young men who choose a constructive way of life and also excel at it. Though some credit should be given to the family of this young man and to the Scout leaders who provided support, Gregory today knows that he can participate in society in a manner that will benefit himself as well as his community.

The achievement of attaining the rank of Eagle Scout lays an excellent base for a productive future. I'm sure my fellow Members of Congress join me in wishing Gregory the best of luck in his future endeavors.

#### VETERANS DAY, 1987

#### HON. LOUISE M. SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Ms. SLAUGHTER of New York. Mr. Speaker, I rise to urge all Americans to join me in honoring our veterans on Veterans Day, November 11.

Throughout our history, men and women have fought and died to preserve our Nation's liberty and freedom. Veterans Day should be the occasion to remember the sacrifices these patriots have made in the 212 years since a ragged group of Minutemen challenged the British at Lexington and Concord and changed the world. In nine major wars since then, over 40 million of our fellow citizens have taken up arms to defend our land and its ideals; over 1,177,000 gave up their lives in these struggles.

Veterans Day is an opportunity for all of us to recognize our deep debt to these brave fighters. Not only do we honor the heroes who died, we honor their children, mothers, fathers, husbands, and wives. Each of those who has fallen has left an unfilled void. Our challenges every day is to be worthy of their

sacrifice and to aid and comfort their friends and loved ones.

We also honor on Veterans Day those who returned from war. In the 30th District of New York, over 65,000 men and women served in the military and have returned to resume their lives in the community. Each gave a measure of their lives so that we can live in freedom. These veterans have earned our gratitude and respect. As a nation and as individuals we have a responsibility to recognize their service and to recompense them as best we can for the hardship and suffering they endured for us.

Veterans Day should be both a day of remembrance and day of dedication to the ideals veterans have fought for. President Abraham Lincoln expressed this most eloquently as he spoke at the consecration of the National Cemetery at Gettysburg:

... It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth.

A century later we can best honor our veterans by rededicating ourselves to the values for which they fought and died. We must be prepared to continue their struggle to safeguard liberty and freedom. In addition we should commit ourselves to efforts to build a lasting peace so that our children will not be required to suffer through the ever-escalating horrors of war.

Veterans Day is a special opportunity for citizens to remember the sacrifices required to build our great Nation. I urge all Americans to unite in honoring our veterans and join them in the continuing struggle for liberty, peace, and freedom.

#### THE LIFE INSURANCE LOOPHOLE

#### HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. GRADISON. Mr. Speaker, on October 7 Congressman PETE STARK and I introduced a bill, H.R. 3441, that would change the way that loans or predeath distributions from life insurance contracts are taxed. Because of the broad effect the bill could have on a large number of policyholders, the bill has aroused considerable interest from many fronts. It has also generated some misinformation. Therefore, I wanted to take this opportunity to detail the circumstances and reasoning that have led to our introduction of this legislation.

The life insurance industry is the beneficiary of a significant tax advantage—the tax-free inside buildup of investment income earned on premiums paid. This advantage ensures that people will be able to provide for the financial difficulties created by premature death. Life insurance becomes more expensive to provide the older the policyholder becomes; this only makes sense, as the risk of death becomes greater with age. Therefore,



the earnings from paid life insurance premiums are not taxes on a current basis to the policyholder, as they would be in, say, a mutual fund. In part from "inside buildup", a reserve for each policyholder builds up to fund the greater risks that come later in life. The result is life insurance protection that people can continue to afford.

But because of the inside buildup of earnings, life insurance contracts can become quite attractive investments for reasons that have little to do with risk protection. In fact, the practical effect of our current tax laws allows people to pay a single premium for life insurance protection and receive the investment income on that money tax free.

These single premium policies have been around for some time without attracting much attention. After all, shouldn't someone be allowed to buy their insurance, a car, or any other product in one payment if they wish? But with the Tax Reform Act of 1986, and its wholesale closing of tax loopholes, the popularity of the tax avoidance offered by investment oriented life insurance has skyrocketed. In fact, sales of single premium policies in the first 6 months of 1987 equaled their entire 1986 sales. And the 1986 figure was more than twice that of 1985.

That the sales of these policies is driven by tax considerations is clear. Advertisements and articles in investment magazines characterize the opportunities as "legal tax evasion" and "the last tax game left in town." While advertisements are not always the most objective judge of a product, they do tell us something about its character.

The problem with the growth in sales of investment oriented life insurance contracts is the threat they pose to tax revenues, and thus the deficit. The bill that Representative STARK and I have introduced is not a shortsighted response to the immediate need for revenue; in fact, the bill raises little money in the short term because it would grandfather all premiums paid by policyholders as of the date of its introduction. The problem is the long run. If the volume of money going into life insurance continues to accelerate in order to avoid current taxation of investment income, it will result in substantial revenue loss to the Government. While providing an unfair tax shelter to some investors, these policies would increase the pressure on other parts of the Tax Code, from which the Government would need to find additional revenue.

The challenge, then, is to find a way of preserving the good of affordable life insurance while maintaining equity in the Tax Code. The problem is not that there is inside buildup; the problem is the ability of investors to get at the earnings of the policy without paying taxes, an opportunity they do not have with other tax favored investments such as IRA's, Keogh plans, pensions plans, and annuities.

Thus, H.R. 3441 would bring the treatment of early distributions or loans from all life insurance policies into line with that given other tax deferred vehicles. The money paid into these policies would still build up tax free, thereby providing for retirement or death benefits. But if investors choose to use the money early, the money would be taxed as investment income, just as with IRA's and pension plans.

Mr. STARK and I do not presume that our bill is the only way to prevent tax abuse in the life insurance area; we look forward to hearing

suggestions from the insurance industry and others on how best to resolve the situation. We do think, though, that our approach makes sense, and is consistent with the goals of the Tax Reform Act of 1986—only by plugging up loopholes that we can keep tax rates low and the Tax Code fair.

### THE REGULATORY FAIRNESS ACT

#### HON. BEN NIGHTHORSE CAMPBELL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CAMPBELL. Mr. Speaker, I commend the House today for unanimously agreeing to pass H.R. 2858, the Regulatory Fairness Act.

The current regulatory process works against consumers seeking utility rate reductions. Despite declining costs for producing electricity, many utilities have failed to lower their rates.

Under the Federal Power Act, wholesale suppliers of electricity receive prompt response in seeking rate increases before the Federal Energy and Regulatory Commission [FERC]. The parallel provision of the act governing efforts of wholesale purchasers to lower rates does not provide the same expedited treatment. This represents a gross inequity and deters wholesale electric consumers from seeking rate reductions.

All electric consumers benefit when the regulatory process is responsive and when utilities can only charge rates that are just and reasonable.

More than 900 public power systems and several hundred rural electric cooperatives purchase power from FERC-regulated utilities. Retail customers of investor-owned utilities will also benefit. This bill will help lower electric rates for consumers.

When wholesale electric suppliers ask for a rate increase, they get to take the elevator. If FERC's current regulatory practice is not changed, consumers seeking rate decreases will have to continue to take the stairs.

### PREVENTION OF OCCUPATIONAL DISEASE

#### HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. JEFFORDS. Mr. Speaker, today PAUL HENRY and I are introducing the "Occupational Disease Prevention Act of 1987." This bill is identical to the amendment in the nature of a substitute offered during the debate on H.R. 162, the High Risk Occupational Disease Notification and Prevention Act.

The substitute is being introduced in bill form because, as I have stated numerous times on the floor of this House, I strongly support the concept of worker notification and right-to-know but do not believe that the approach set forth in H.R. 162 will prevent disease. I also do not believe that H.R. 162 will be enacted into law. Should Congress find itself in the position of having to consider a

reasonable approach to notification, our bill will be available.

The legislation being introduced today will prevent disease by building on the existing programs of the Occupational Safety and Health Administration [OSHA], adding new programs in OSHA and requiring the National Institute for Occupational Safety and Health [NIOSH] to begin a more measured approach of risk notification than is set forth in H.R. 162.

Now that the rhetoric and hyperbole of the floor debate are behind us, I hope that my colleagues will take a close look at our proposal. It is not a legislative ploy, nor is it a killer amendment. It is, in my opinion, the best proposal for actually doing something in the 100th Congress to prevent occupational disease.

A summary of the bill follows:

Requires the Secretary of Labor, within 1 year, to extend the coverage and expand the rights of employees under the OSHA hazard communication standard;

Requires the Secretary, during rulemaking, to consider whether the standard should be amended to include appropriate medical monitoring information, whether the training requirements should be expanded, and whether summaries of material safety data sheets [MSDS's] written in simple, nontechnical language would be useful;

Requires the Secretary, within 6 months, to promulgate a standard requiring employers to notify employees who have been exposed to an OSHA-regulated substance in excess of the OSHA-recommended permissible exposure limit [PEL]. Such notification shall also include steps that employers are taking to rectify situation.

Requires that, within 6 months, all Federal agencies that are responsible for establishing health and safety standards for workers are to promulgate a standard consistent with the OSHA hazard communication standard;

Requires that the Secretary, through use of public service announcements, notify workers of their rights to information regarding their workplace and any hazards they might have worked with;

Establishes within OSHA an Office of Hazards Communication;

Requires OSHA, within 1 year, to update the Z-tables;

Increases the penalties to employers who violate the hazard communication standard;

Requires the General Accounting Office [GAO] to evaluate the effectiveness of the OSHA hazard communication standard;

Authorizes OSHA an additional \$20 million to carry out its expanded authority;

Requires NIOSH begin an interim program to provide notice to workers who participate in its studies until the establishment of a more general notification program;

Authorizes NIOSH \$5 million for notification;

Creates a 15-member Commission to conduct a comprehensive study of the effectiveness of the NIOSH notification program and to report its findings to Congress within 2 years; and

Authorizes the Commission \$1 million to carry out its responsibilities.



YUGOSLAVS APPEAL FOR  
DEMOCRACY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CRANE. Mr. Speaker, I rise to address the issue of the "democratization" of Yugoslavia. A diverse group of Yugoslav dissidents and emigres have signed an appeal to the Government of Yugoslavia to "democratize" the country, release all political prisoners, and permit freedom of expression. The appeal was arranged by Freedom House, the New York-based organization that monitors political rights and civil liberties worldwide.

I would like to praise the actions of Freedom House, and to submit the appeal to "democratize" Yugoslavia for the consideration of my colleagues.

154 YUGOSLAV DISSIDENTS AND EMIGRES OF  
DIVERSE BACKGROUNDS SIGN SINGLE APPEAL  
TO "DEMOCRATIZE" YUGOSLAVIA

New York, September 14.—An unusually diverse group of 154 prominent Yugoslav dissidents and emigres—Croats, Serbs, Slovenes and Albanians—have signed a single appeal to the government of Yugoslavia to democratize the country, release all political prisoners, and permit freedom of expression. The appeal was arranged and released by Freedom House, the New York-based organization that monitors political rights and civil liberties worldwide.

While the signers represent widely divergent objectives for the future structure and policies of the country, they agreed that "the democratization of Yugoslavia can peacefully resolve the monumental social, economic, political and national problems which increasingly plague that country."

This was believed to be the first time such a broadly diverse group had agreed on a single appeal to the government of Yugoslavia. The signers, addressing "other governments," urged them "to make all credits and aid to Yugoslavia commensurate with the degree of freedom Yugoslavia permits its citizens, and the degree to which it abides by international human rights agreements to which it is a signatory."

The statement was signed by "people of different political and religious persuasions and ethnic backgrounds living inside and outside Yugoslavia." In addition to Yugoslavia and other European countries, the signers live in North and South America, and Australia. Many are prominent intellectuals, writers, scientists and religious leaders reflecting virtually all of Yugoslavia's ethnic groups.

The text of the statement and the list of signers are being sent to the President of Yugoslavia and his ambassador in Washington.

Among the signatories are writers and former prisoners of conscience in Yugoslavia, Mihajlo Mihajlov and Momcilo Selic, who live in the United States; Vladimir Mijanovic, a prominent Yugoslav dissident; writers Gojko Djogo and Rasko Zakich, who live in Yugoslavia; Jaksa Kusan and Gvido Saganic, editors of Nova Hrvatska (the New Croatia) based in London; Michael Radenkovich, chairman of the Serbian Heritage Foundation (U.S.A.); Bishop Basil Veinovich (U.S.A.); writer Branko Salaj (Sweden); dissident Pavle Rak (presently in France); Professor Sami Repishti, an ethnic Albanian and former prisoner of conscience in Yugoslavia (U.S.A.); and Professor Cyril Zebot, an economist and author of books on Slovenia (U.S.A.).

The statement was initiated at a day-long Freedom House seminar on June 6. Fourteen Yugoslav dissidents and emigres of widely diverse views discussed the situation in Yugoslavia. That discussion will be published shortly by Freedom House as a paperback book under the title, "Yugoslavia: The Failure of 'Democratic' Communism."

The full text of the appeal follows:

## AN APPEAL

We, the people of different political and religious persuasions and ethnic backgrounds, living in and outside Yugoslavia agree that the democratization of Yugoslavia can peacefully resolve the monumental social, economic, political and national problems which increasingly plague the country.

To that end we address the following appeals to the Yugoslav authorities and other Governments which are instrumental in maintaining the status quo in that country.

## To the Yugoslav Authorities:

Release immediately all political prisoners including those held in psychiatric wards.

Annul Article 133, the so called "hostile propaganda" provision of the Criminal Code of the Socialist Federal Republic of Yugoslavia.

End intimidation and harassment of numerous individuals and groups struggling for the rule of law outside the ruling party. Establish dialogues with these groups and permit public discussion of their ideas and proposals.

Allow the freedom of public expression to all individuals and groups which struggle for human rights and democratic alternatives, freedom of expression, press, assembly, speech and publishing.

## To other Governments:

All credits and aid extended to the present government must be commensurate with the degree of freedom it permits its citizens and the degree to which it abides by the international human rights agreements to which Yugoslavia is a signatory. Progress in democratization can be gauged by the degree to which the proposals addressed to the Yugoslav authorities are implemented.

## Signed:

Vladimir Adzemovic, Sotir Akimovski, Borislav Ankunovic, Brahimir Anzulovic, Josip Asic, Kata Asic, Mandica Asic, Ivan Bachan, John Bambic Slavica Barovic, Bishop Basil (Veinovich), Elizabeth Bevan, Nikola Bevan, Violet Bevan.

Danny Betor, H. Bitor, Matt Bittor, Petra Brblj, Ivan Botic, K. Burevicius, Jakov Burmaz, A. Popovic-Cawley, Pero Cerovic, Frano Cetinic, M. Cordas, Vladimir Cosic, Rudolf Cujes, G. Cvjetan.

Milovan Danojlic, Joseph Derk, J.M. Divic, Gojko Djogo, Bransilav Djokic, Bora Dragasevic, Draga Dragasevic, Drago Dremetic, Vojin Durkovic, Ante Goko, Oskar Gruenwald, John Gunning, John Hasek, M. Hess, Katarina Hueter.

Goran Ivanic, Josip Ivanic, Olga Ivanic, Dobrila Ivkovic, George Ivkovic, Midrag Ivkovic, Maria Ivusic, Ivan Jakic, Des Jakovac, Jerome Jareb, S. Jasar, T. Jovanovic, O. Jovic.

Dragas Keseljevic, Ante Klobucar, E. Klobucar, F. Klobucar, B. Kochovic, Raul Koenig, A. Knezevich, Mary Knezevich, Babette Kralj, J. Kralj, Michael M. Kovac, Lucian Kovodic, M. Krstic, J. Kurtovic, Jaksa Kusan.

Father John Lavrih, Maria A. Levic, Nenad Medzarac, Gjuro Malvic, Diane Maric, Mary Maric, Mirko Maric, A. Markulin, Sime Maruna, Rusko Matulic, Rev. Joseph Mavsar, Midrag Mihailovic, Mihajlo Mihajlov, Vladimir Mijanovic, Michael Milenkovich, M. Milicevic, Marko Milunovic, Nicholas Moravcevic.

Dragisa Nesic, Frank Orazem, Slava Orazem, Ivan D. Pajic, Predrag Pajic, Tom

Pang, Nikola R. Pasic, Svetomir Paunovic, Vladimir Pavlovic, Andree Pavlovic, Dusan Pavlovic, Jure Petricevic, D. Petrovic, Lucjan Piekarsky, Stojan Popov, M. Prpich, Drago Prpich, Gojko Prutich.

Michael Radenkovich, Tihomil Radja, M. Radocaj, Milan Radovic, D. Radovanovitch, Negovan Rajic, Pavle Rak, Matej Roesmann, Vitomir Radoticic, Borivoje Radonich, Bernardino Barbeta, A.J. Raudkwi, Sami Repishti, Dusan Roller, Vera Roller.

Gvido Saganic, Branko Salaj, M. Sekulic, Momcilo Selic, Petr Senkovic, B. Selubijn, Michael Shaskevich, Mile Smitran, M. Spasojevic, Charles D. Sporer, B. Stankovic, S. Stefanovic, B. Stevanovic, A. Stukel, J. Sulef, Tomislav Sunic, Mary Szkambala.

S. Tint, Marie Trenzova, Peter Urbanac, Mirko Vidovic, S.R. Vlahovic, R. Vorkapic, J.Z. Vuckovic, Vladeta Vuckovic, Branko Vukobratovic, M.M. Vokasinovic, Rasko Zakich, P. Vukovic, Cyril, A. Zebot, J. Zekovic, D. Zivanovic.

The addresses of the signatories are on file at Freedom House.

CORNELIO ROYBAL CONSTRUCTION  
CO. OF LAS VEGAS, NM,  
RECEIVES NATIONAL AWARDS

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. RICHARDSON. Mr. Speaker, earlier this week, the Department of Energy presented National Awards in the National Awards Program for Energy Innovation. I am pleased to advise my colleagues that the Cornelio Roybal Construction Co. of Las Vegas, NM, was recognized for its project, the Las Vegas Passive Solar Homes Program. The Public Service Co. of New Mexico and the Luna Vocational Technical Institute were cosponsors of this project.

The Las Vegas Passive Solar Homes Program is a unique project promoting the design and construction of cost-effective, energy-efficient homes suitable for low-income families. The three organizations developed a design package which includes: low-energy performance standards, design worksheets, and reference materials. Builders of energy-efficient housing can follow these simplified guidelines.

The results are astonishing. Mr. Roybal's construction company builds and sells inexpensive solar homes. Each solar house, including land, sells for approximately \$50,000. The houses average 1,400 square feet in size. Heating bills have averaged only \$8 per month. Water heating bills have averaged only \$19 per month. These rates are especially attractive to low-income families.

The solar guidelines used were developed according to the climate in Las Vegas, NM. However, these guidelines can be adapted to any place in the country by incorporating local climatic data. The Las Vegas Passive Solar Homes Program is a fine example for solar heating across the country.

My congratulations to the Cornelio Roybal Construction Co., the Public Service Co. of New Mexico, and the Luna Vocational Technical Institute.



# LEGISLATION TO MAKE TAMPERING WITH A SMOKE DETECTOR A CRIMINAL OFFENSE

HON. RICHARD J. DURBIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DURBIN. Mr. Speaker, today I am introducing legislation to make tampering with an airplane smoke detector a criminal offense. Passage of this bill would provide an important deterrent to any person who may be tempted to tamper with this important safety equipment.

The recent incident in which a Piedmont plane was forced to make an emergency landing due to a fire that was apparently caused by a person smoking in the restroom has demonstrated the importance of smoke detectors on commercial aircraft. At 35,000 feet and 550 miles per hour there are no emergency exits to allow passengers to escape a fire. The lives of the passengers depend on the ability of the flight crew to take prompt action. An inoperative smoke detector could result in the loss of precious seconds which would jeopardize the lives of hundreds of passengers.

Despite the potential for a major disaster due to a fire on an airplane, I was surprised to learn that there are currently no specific penalties for tampering with a smoke detector on an airplane. My bill would correct this omission. The bill provides that a person convicted of tampering with a smoke detector would be subject to a fine of not more than \$50,000, or imprisonment for not more than 5 years, or both. I will also ask the Administrator of the FAA to promulgate regulations requiring air carriers to display a sign in airplane lavatories advising passengers of this Federal penalty.

I believe passage of this legislation is needed to improve the safety of commercial air travel for airline passengers and crews. The importance of this legislation and the need for prompt congressional action is demonstrated by the fact that 47 Members of the House have joined me as original cosponsors of this bill.

H.R. 3564

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,  
That section 902 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1301 et seq.) is amended by adding at the end the following:

## "TAMPERING WITH SMOKE DETECTION DEVICE

"(r)(1) It shall be unlawful for any person to knowingly and without authority tamper with a smoke detection device of an aircraft used for air transportation.

"(2) Whoever violates this subsection shall be subject to a fine of not more than \$50,000, or imprisonment for not more than 5 years, or both."

## ORIGINAL COSPONSORS OF H.R. 3564

Mr. Glickman, Mr. Lehman of Florida, Mr. McCloskey, Mr. Gray of Illinois, Mr. Lagomarsino, Mr. Conyers, Mr. Grandy, Mr. Wilson of Texas, Mr. Dornan, Mr. Mrazek, Mrs. Boxer, Mr. Smith of Florida, Mr. Oberstar, Mr. Lipinski, Mr. Biaggi.

Mr. Feighan, Mr. Owens, Mrs. Collins, Mrs. Johnson, Mr. Shumway, Mr. Stallings, Mr. DeFazio, Mr. Weldon, Mr. Nielson, Mr.

Fauntroy, Mr. Beville, Mr. Espy, Mr. Panetta, Mr. Valentine, Mr. Bates.

Mr. Kildee, Mr. Hochbrueckner, Mr. Fazio, Mr. Davis of Illinois, Mrs. Roukema, Mr. Richardson, Mr. Skaggs, Mr. Penny, Mr. Viscloski, Mr. Donnelly, Mr. Baker, Mr. Hayes, Mr. Slattery, Mr. Sawyer, Mrs. Bentley, Mr. Edwards of Oklahoma, and Mr. Fields.

## HANS WILBUR WELCH: THE MEANING OF THE CONSTITUTION

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LEHMAN of Florida. Mr. Speaker, hundreds of millions of people call this country home, but relatively few of us—only a handful, really—can call ourselves native Americans. The vast majority of us are immigrants or descendants who came to this land from someplace else.

America continues to grow as people come from all over the world to make a home here. These newcomers bring different cultures, viewpoints and talents which add to our diversity and strength. Every American, old or new, has his or her own idea of what this country stands for, and I'm sure each of us has reflected from time to time on our Nation's history, its purpose, and its future.

I recently had the opportunity to hear the thoughts of Hans Wilbur Welch on these matters. Hans is 10 years old and is a fifth grader at Vineland Elementary School in Dade County. He is a native of Korea who came to this country in 1981. He lives in Miami with his parents, George and Ynskie Welch, and his sisters, Tamara, Tetske, Tatiana and brother, Alexander.

Hans wrote a poem entitled "What America Means to Me" and recited it before a distinguished audience of N. Dade business and political leaders. Afterwards, he led the group in the pledge of allegiance.

Mr. Speaker, I was present when Hans made his presentation, and I know that everyone there, including me, was deeply moved by his heart-felt sincerity and honesty of expression. I would like to share his poem with my colleagues:

## WHAT AMERICA MEANS TO ME (By Hans Wilbur Welch)

America means a lot to me,  
Because in this country we are free.  
The Constitution is a set of rules,  
Over which the delegates debated,  
And a quill pen was the tool  
That they used to write what they created.  
One man who saw the emblem of the sun  
Carved on the back of Washington's chair  
Asked if it was a rising or setting one  
And whether the weather would continue fair.

I'm so glad that the sun did rise,  
All the delegates should win a prize.  
Madison was a very smart man,  
I can see him working under a fan.  
Benjamin was very wise,  
He discovered electricity in the skies.  
Washington was the boss,  
And the Constitution was not a loss.  
Over the laws the Supreme Court presides  
By reading the rules the Constitution provides.  
All the countries copy our constitution,

For governing it is the best solution.

## BIRMINGHAM-SOUTHERN COLLEGE NAMED "THE BEST"

HON. BEN ERDREICH

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. ERDREICH. Mr. Speaker, a sound education for our young people remains our Nation's best hope for future economic growth and prosperity. I would like to share some good news with my colleagues about an institution of higher learning in my district that has received outstanding recognition for its commitment to our youth and the pursuit of excellence in education.

In its October 27th issue, "U.S. News & World Report" highlighted America's best colleges and among Southern liberal arts schools, Birmingham-Southern College in Birmingham, AL, was selected as the best.

According to the article, "America's Best Colleges:"

In 1975, (Birmingham-Southern) had 727 students and an uncertain future. Bucking the trend to abandon liberal arts and push vocational study as a way to lure students, President Neal Berte instead gambled on strengthening liberal arts at the same time that the school stressed its many preprofessional programs and added a computer-science major. Today, the school boasts 1,633 undergraduates and a reputation for excellence.

We all know the importance of quality education to our Nation's economic future. Our competitive stance around the world and future job growth depend on our improving our educational institutions.

Mr. Speaker, I often have the opportunity to visit the Birmingham-Southern campus, and can tell you that its reputation for excellence is certainly warranted. I congratulate Dr. Neal Berte and the faculty and staff of Birmingham-Southern for having garnered this outstanding recognition. Birmingham-Southern knows the importance of providing its students with a quality education, and its successful effort has been rewarded with this designation as one of the Nation's best. In the on-going quality effort it achieves, Birmingham-Southern is a major force for Alabama and, indeed, our Nation's future growth.

Following is an editorial in the Birmingham News congratulating Birmingham-Southern on this latest recognition for its excellence in education:

## MORE LAURELS FOR 'SOUTHERN

Birmingham-Southern College, recognized in several national surveys as one of the top liberal arts colleges in the country, has now been identified as the best in the South.

We congratulate President Neal Berte, who has led the renaissance of this fine college, and all the staff and students who have participated in making it the best.

The latest feather in 'Southern's cap, reported in U.S. News & World Report, is especially meaningful because it reflects the judgments of college presidents. About 760 presidents responded to the survey, which asked them to select the 10 best schools in their own category.

Among the 161 Southern liberal arts colleges, Birmingham-Southern was named most often. Over half the presidents includ-



ed it in the top 10. In 1985, 'Southern ranked seventh in the region in the liberal arts category.

Dr. Berte has made Birmingham-Southern a leader not only in education, but in the community as well. We salute him and his school on the well deserved recognition.

## GORBACHEV'S FOLLY

### HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. BEREUTER. Mr. Speaker, evidently the leadership of the Soviet Union felt that President Reagan wants or needs a summit so bad that he would agree to concessions on the strategic defense initiative [SDI] simply for the privilege of meeting with Mikhail Gorbachev. They are gravely mistaken. Summits are most successful when they confirm agreements already made; they are least successful when attempts are made to force consensus where none exists. The Soviets have wasted much time, effort, and international good will on the intermediate nuclear forces [INF] negotiations if they have come this far but really have no intention of signing an accord. We are no worse off not undertaking the charade of a summit if the Soviets are not in agreement on intermediate steps to benefit our two nations' mutual security.

I commend to the attention of my colleagues an editorial from a newspaper in the heartland of America, which I am confident expresses widely held American sentiments. The editorial appeared in the Omaha World Herald on October 28, 1987.

[From the Omaha World Herald, Oct. 28, 1987]

#### MAKING UNITED STATES "EARN" A SUMMIT

It wouldn't be a disaster if Soviet leader Mikhail Gorbachev broke his commitment to attend a summit meeting with President Reagan in the United States. The importance of a U.S.-Soviet summit meeting in the United States in the next few months can easily be overestimated. \* \* \*

Gorbachev, in backing away from his commitment to visit the United States, seemed to be suggesting last week that the United States should have to "earn" the favor of a Gorbachev visit by making concessions on SDI development and testing. If the Soviet leader sincerely believes that U.S. leaders put that much importance on the possibility of a U.S. summit, he is grossly out of touch with the U.S. position at the current stage of U.S.-Soviet diplomacy.

Summit meetings and other state visits are symbols of a working relationship between two countries. If Gorbachev decided not to go through with his visit, it would indicate that his working relationship with the United States left something to be desired—not because the United States had changed its position on any issue of substance but because Gorbachev attempted to change the rules at the last minute and was quite properly rebuffed.

## THE ARIAS PLAN: FOUNDATION OF FALSE HOPE

### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CRANE. Mr. Speaker, recently the five leaders of the Central American countries agreed on a regional peace agreement known as the Arias Plan. This plan raises the false hope that peace will soon find its place in the Central American region. While the United States supports the movement for peace, the Arias plan cannot be accepted as it stands. It contains omissions, flaws, and vagaries. Serious doubt is cast as to whether the Arias plan can produce effective and lasting solutions to the problems in the region. As a result, the Arias plan must be modified and the following criteria must be met in order to bring lasting peace and stability to the Central American region.

Perhaps the most profound issue of the Arias Plan which demands direct and immediate attention is that of freedom. It is undoubtedly the fundamental criterion required of the Sandinista regime. Since the Arias Agreement, a number of concessions have been made by the Sandinistas, however, they must be considered with caution. Their actions in accordance with the agreement include allowing La Prensa to resume publishing. But after allowing the opposition access to the media by permitting Radio Catolica to air, the Communists reversed their position. The Sandinista government announced a cease fire and a partial withdrawal of their troops from designated areas. Yet these developments cannot be accepted at face value. Freedom of the press is exercised not by all people but rather only by those who support the revolution. To date, since Daniel Ortega assumed power, there have been no real elections as promised. He has stated that elections will not permit the people to choose their leader. Instead, power will always belong to him, his colleagues and their successors. Free elections must be a cornerstone to any true peace plan for Nicaragua. We cannot be fooled by these misleading, superficial actions which have taken place so far in Nicaragua. These actions are, in fact, only the bare minimum needed to demonstrate loyalty to democratic ideals. They are not true to democratic ways and therefore must be questioned in every aspect of an agreement. Without specified steps outlined to secure an open and pluralistic democracy, any agreement would be worthless.

The Arias Plan does not consider the interests of U.S. security in the region. There are 3000 Cubans and 150 East Bloc Communist advisors in Nicaragua, all of whom are allowed to remain there under the Arias Plan. They have virtually penetrated every sector of the Sandinista regime. It is imperative that they be removed to ensure peace and freedom not only in Nicaragua, but in the entire Central American region. Sandinista assistance of various Marxist groups seeking to overthrow freely elected governments in El Salvador, Guatemala and Honduras should also be stopped. There is no other alternative if peace and stability are to last in the region.

This peace and stability also depends upon the creation of a National Army with loyalties to a constitution rather than a political party as

in the present situation. Moreover, as it now stands, the Sandinistas will implement only partial amnesty for political prisoners. There must be a firm plan which allows the 17,000 freedom fighters to fully reintegrate into the Nicaraguan society; this includes complete amnesty. Furthermore, it would be a prerequisite that the resistance participate in negotiations with the Sandinistas. Thus, the resistance will uphold the status of being legitimate.

Finally, the free market system must be adopted in Nicaragua. The current Sandinista-imposed socialist economic system is failing. If implemented, the free market system would fill the needs of a country with the unique diversity of Nicaragua. It is quite possible and even probable that the Sandinista regime would use American economic assistance to build up their ailing economy. Yet we must be wary that a country so willing to accept military aid from a communist country might use U.S. money to actually supplement a failing communist economy.

In the past, the Sandinistas have made similar commitments to freedom and democracy; commitments which have not been followed through. They have stated, to the effect, that they were willing to concede to the opposition, however, this was only when Congress considered the continuation of financial assistance to the freedom fighters. This raises doubt concerning the credibility of the Sandinistas and their willingness to abide by any peace agreement. The aforementioned criteria are the basic fundamentals necessary to bring about the change promised to the Organization of American States in 1979. These criteria should be nonnegotiable, and represent the only chance that peace and freedom will ever have to thrive in Central America. In sum, we must question the logic of adopting a peace plan which relies on the questionable good will of the Sandinistas, is endorsed by Castro, and involves the abandonment of the very group that brought Nicaragua to the bargaining table.

In a recent editorial in U.S. News & World Report, chief political correspondent, Michael Kramer, provides additional insights into the shortcomings of the Arias plan. I commend the article to my colleagues' attention:

#### A CENTRAL AMERICAN YALTA?

(By Michael Kramer)

And now we're told that Ronald Reagan is the Problem; that he, not Daniel Ortega, needs watching; that out of the goodness of their hearts and a reverence for Thomas Jefferson, the Sandinistas can be trusted to bring democracy to Nicaragua and abandon their commitment to a "revolution without borders." Why else would Ortega have flown to Havana last week? Who better than Fidel to instruct Managua about creating an open society? How could we have been so blind? Daniel Ortega, democratic statesman. Of course! Danny, we hardly knew ye.

It has become clear that the White House was outmaneuvered by the leaders of Central America. It is also true that the administration has only itself to blame for the Great Guatemalan Gaffe. Imagine for a moment that you are President Napoleon Duarte of El Salvador, the leader of a fragile democracy almost totally dependent on Washington for protection. You awaken one morning to hear that "peace" has broken out up north. You and the Contras, it turns out, are the last to know that Jim Wright and Ronald Reagan have cut a deal. How do



you respond? You do what he did: You strive to avoid further proof that you are merely an American puppet and rush to sign an "indigenous" peace agreement.

There's much to learn from the latest folly—it will soon be a case study at the foreign-policy schools—but for now, it is more important to relearn exactly what we're dealing with. Consider just some of the key elements of the "peace" proposal drafted by Costa Rican President Oscar Arias—and the likelihood of Sandinista good faith.

Arias wants freedom of the press without prior censorship. In Nicaragua, this means reopening *La Prensa*. But it is simply too easy to conjure a reopened but censored *La Prensa*—a "balance" the Sandinistas may conclude is "concession" enough, especially when one remembers how the commandantes really feel about the media. Here is Bayardo Arce, a former journalism professor who is now one of Nicaragua's nine all-powerful rulers: "We support freedom of the press, but, of course, the freedom of the press we support [is] a freedom of the press that supports the revolution."

Free elections are a centerpiece of the Arias plan. Not surprisingly, the Sandinistas claim their rigged 1984 election was itself free. Golly gee, deadpanned Foreign Minister Miguel D'Escoto last week, "our revolution is very much committed to democracy." What can we really expect from future elections in Nicaragua? More of the same. Elections, Daniel Ortega has said, will "in no way—like a lottery—decide who is going to have power. For this power belongs to us."

Everyone should cease supporting the region's insurgencies, says Arias. The Sandinistas would have to walk away from the Salvadoran guerrillas and close the guerrillas' headquarters operation in Managua. We ain't doin' nothing, say the Sandinistas—but their true feelings were on display a few years back. "We will never give up supporting our brothers in El Salvador," said Arce. "We are not ashamed to be helping El Salvador," said Ortega's brother Humberto, who happens to be the Sandinista Defense Minister. "We would like to help all revolutions."

I haven't even mentioned some other—quite major—problems with Arias: What will the proposed cease-fire look like? Will the Contras have any role in their own disappearance? How can there be peace if the Soviet bloc is still permitted to aid the Sandinistas? What good at all is a document that doesn't punish noncompliance?

Oscar Arias obviously took too much psychology in school. He actually believes in behavior modification. But the fact is that the promises he wants the Sandinistas to make are the same ones they made to the Organization of American States before the commandantes took power in 1979—the promises they broke. It's wise to recall how blatantly the Sandinistas have lied—so blatantly that Jimmy Carter suspended American assistance to the new regime long before the Contras were born. Yes, it was Carter who did that, not Reagan.

Given the Sandinistas' sorry record, one would assume that Arias's verification procedures would have real teeth. They don't. The outside compliance group—a sterling outfit on paper—will almost surely rely on the internal National Reconciliation Commission for its opinion of Sandinista compliance. That sounds good, but Arias's fine print permits the internal commission to be stacked by the Sandinistas themselves.

#### IN THE VIET CONG'S FOOTSTEPS

As Ortega & Company go through the motions, one can only marvel at how well they are employing the old Viet Cong rule for guerrilla warfare: *Danh va dam, dam va*

*danh*—"fighting and talking, talking and fighting." Who knows, they may even go the distance; the Arias treaty may become reality. Nicaragua's ravaged economy (the product more of mismanagement than of war) may cause the Sandinistas to mute their rhetoric that they win U.S. economic aid. They may be smart enough as *Comandante* Jaime Wheelock has said, to "use the money of the imperialists to build socialism," smart enough to lie low until the danger of renewed Contra aid is past.

But they can't seriously change their stripes and remain, in the words of Daniel Ortega, "profoundly anti-Yankee and Marxist-Leninist." There is nothing in the dialectic that demands action tomorrow—but sooner or later they must march again. Not to worry, says Oscar Arias. If they do, "they will be morally isolated by the whole world." Arias should read George Orwell, who wrote: "Despotic governments can stand 'moral force' till the cows come home; what they fear is physical force."

What happens when the cows come home? Will the U.S. and the Latin democracies have the stomach to reimpose military pressure when the Sandinistas cheat? Can a Central American Yalta really work without a Central America NATO in the wings? Until these questions are satisfactorily addressed, the future under Arias will be bleak—a disaster postponed rather than avoided.

#### NATIONAL RECYCLING MONTH

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. HAWKINS. Mr. Speaker, today I am proud to introduce, along with Congressman DAVID DREIER, a resolution entitled "National Recycling Month," which will help to send a message to cities across this Nation about the need to respond to our growing waste disposal crisis.

Brimming landfills are being closed in one city after another. More than 3,500 have been shut since 1979. Some 16,400 remain, but not for long. Nearly one-half of the Nation's major cities will run out of room for their garbage within 5 years. The landfills in Los Angeles will hit capacity by 1991; New York City has barely 12 years left.

Frustrated by the growing garbage crisis, some cities have chosen to burn their garbage in mass incinerators. This is an unfortunate choice for several reasons. First of all, you don't get rid of your trash disposal problems with mass burn. You still have to bury the ash that the burned garbage creates—some of which is toxic. Second, incineration may be a worse polluter than land disposal because it creates new chemical compounds that are released into the environment through smokestack emissions. These compounds, known as dioxins and furans, are dangerous air pollutants.

Faced with the prospect of these potentially dangerous incinerators being placed in their community, residents have organized to defeat their construction. In Los Angeles, a group of concerned citizens went against all odds in fighting a trash incinerator proposal called LANCER [Los Angeles City Energy Recovery] and won. Another group of citizens in Irwindale, CA stopped a similar proposal in their community. In the city of Philadelphia,

residents effectively organized to defeat another mass burn project.

There is a safer and more efficient alternative to mass burning—recycling. Community-based trash separation and recycling requires the least amount of capital and is the most flexible of systems. Recycling not only diverts a significant portion of the waste stream from landfills—but the trash that is landfilled is basically nontoxic.

The resolution we are introducing today seeks to encourage our Nation to adopt recycling measures and to assist in developing the growth of incremental markets for materials recovered from recyclable goods. We need to expand and refine our national recycling efforts to respond to our garbage crisis—and to provide an alternative to dangerous waste disposal technologies. I would like to submit the text of the resolution for my colleagues to review and I encourage their support for this measure.

To designate June 1988 as "National Recycling Month".

#### JOINT RESOLUTION

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Whereas a solid waste disposal crisis exists in the United States;

Whereas half of the major cities in the United States will have no space available for disposal of garbage within 5 years;

Whereas mass trash incineration involves the dangers of toxic emissions and toxic landfills;

Whereas source separation, mechanical separation, and community-based recycling programs are cost-effective alternatives to mass trash incineration;

Whereas recycling diverts a significant portion of waste from landfills;

Whereas recycling converts most of the waste that eventually is placed in landfills to a nontoxic form;

Whereas the revenues from goods recovered by public sector recycling programs help to offset the costs of the programs;

Whereas shared savings, which accrue by avoiding the higher cost of landfills or incineration, make recycling an economically efficient disposal alternative to mass trash incineration even where markets for recycled materials are weak or undeveloped;

Whereas a well-developed system of recycling scrap metals, paper, and glass already exists and significantly reduces the quantity of solid waste comprised of metal, paper, and glass;

Whereas substantial increases in the amount of materials recycled will require development of markets that absorb the increase in the amount of materials recycled, known as incremental markets;

Whereas many consumer products are designed without sufficient regard for safe and efficient recycling after disposal;

Whereas the Federal Government and State and local governments should enact legislative measures that will increase the amount of solid waste that is recycled;

Whereas the Federal Government and State and local governments should encourage the growth of incremental markets for materials recovered from recyclable goods;

Whereas the Federal Government and State and local governments should promote the design of products that can be recycled safely and efficiently after use;

Whereas the Federal Government and State and local governments should establish requirements for in-home separation of waste to enable efficient recycling; and



Whereas the people of the United States should be encouraged to participate in educational and legislative endeavors that promote waste separation methods, community-based recycling programs, and expanded utilization of recovered materials: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That June 1988 is designated as "National Recycling Month", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe the month with appropriate ceremonies and activities.*

## STUDY FAULTS LABS' ACCURACY IN TESTING FOR AIDS INFECTION

**HON. JIM COOPER**

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. COOPER. Mr. Speaker, last week the Subcommittee on Regulation and Business Opportunities, on which I sit, held an important hearing. A subcommittee investigation uncovered new data on the accuracy of AIDS testing done in laboratories around the country.

I'd like to share an article summarizing the subcommittee's investigation from the Washington Post.

[From the Washington Post, Oct. 27, 1987]

### STUDY FAULTS LABS' ACCURACY IN TESTING FOR AIDS INFECTION

(By Susan Okie)

Laboratories testing blood for evidence of AIDS have such a high error rate that in some low-risk groups, nine out of 10 positive findings would probably be wrong, a new government analysis has found.

Such a high rate of these so-called "false positives"—in which people without the AIDS virus wrongly appear to have it—would cast grave doubts on the reliability of massive screenings.

The analysis was done by the congressional Office of Technology Assessment and presented last week at a hearing of the subcommittee on regulation and business opportunities of the House Small Business Committee. It was based on recent results of proficiency testing of approximately 700 U.S. laboratories by the College of American Pathologists (CAP).

Rep. Ron Wyden (D-Ore.), chairman of the subcommittee, said in an interview that he found the labs' error rates "mind boggling."

In addition to the false positives, the data suggest that labs may be reporting falsely negative blood test results on as many as 10 percent of individuals who are really infected with the virus.

"Both the false positives and the false negatives have frightening social implications," Wyden said. "False negatives are people who think they're well and spread the virus. False positives have the potential of just causing social chaos," because uninfected individuals might base decisions about marriage, childbearing and careers on an erroneously positive test result.

The standard blood tests currently available to detect infection with the AIDS virus are the enzyme immunoassay (EIA or ELISA) and the Western blot. The EIA, performed initially as a screening test, detects protein antibodies produced by an infected

individual's immune system against particles of the virus, known as human immunodeficiency virus, or HIV.

The more accurate and expensive Western blot is done as a confirmatory test. If the EIA is positive, poor quality Western blots are the main reason for the laboratories' high false-positive and false-negative rates.

Because donated blood is discarded even if positive only on the initial EIA test, these findings do not suggest that infected blood is any more likely than previously believed—1 in 10,000—to pass through undetected.

When they are perfectly performed both the EIA and the Western blot are highly sensitive, providing positive results in infected individuals in 99.6 percent of cases. They are also highly specific, giving negative results in uninfected persons in at least 99 percent of cases. But the pathologists' proficiency testing program, in which laboratories were sent a series of "unknown" blood samples to test, showed that the error rates in laboratories around the nation are considerably higher than these ideal figures, especially for the technically more complicated Western blot.

The CAP's proficiency testing of laboratories during the period from July 1986 through June 1987 showed that the overall false-positive rate for the Western blot was 4.7 percent. The theoretical false-positive rate, if the test is properly performed, is 0.5 percent. The laboratories' overall false-negative rate was 9.3 percent, compared with a theoretical false-negative rate, if the test is properly performed, of only 0.4 percent.

Some laboratories achieve performance standards close to the ideal rates, while others have even higher error rates than the averages cited in the CAP data. But consumers having the blood tests, and doctors ordering them, often have no way of judging an individual laboratory's performance, the subcommittee was told.

In large-scale AIDS testing programs, false-positive results make up a greater proportion of all positive results when the group being tested is at low risk of infection with the virus. In contrast, false-negative results assume greater importance when a high-risk group is tested. The OTA analysis used the laboratories' performance record to predict the outcome of testing in six different populations for whom some estimate of infection with the AIDS virus was available.

For example, in a program to test 100,000 high-risk patients at a sexually transmitted disease clinic, the OTA predicted that 984 of an estimated 10,000 infected individuals would be missed because of a falsely negative blood test, while 72 uninfected people would test falsely positive.

On the other hand, if 100,000 blood donors were tested in Peoria, Ill., a group with a very low frequency of infection, 80 of the 89 positive blood tests, or 90 percent, would be false positives, the OTA analysis predicted.

Other experts testifying before the subcommittee echoed the concerns raised by the OTA report. Different laboratories use different criteria to identify a positive Western blot, and national standards have not been established for the test's performance, interpretation or quality, said James R. Carlson, director of the AIDS Virus Diagnostic Laboratory at the University of California at Davis.

Of 10 commercial laboratories sent "blind" samples by the U.S. Army to test their performance of the Western blot, 10 failed the test, some of them repeatedly, said Col. Donald S. Burke, who directs the Army's HIV screening program.

Most doctors who order AIDS blood tests assume they are accurate and know little about variations in laboratory performance,

said Patricia Watson Martin, director of product development at Epitope Inc., a clinical laboratory and diagnostics firm based in Portland, Ore. "Because the opportunities for making profit from HIV antibody testing are so vast . . . we must act quickly to put controls into place to insure the quality of testing," she told the subcommittee.

Wyden said he plans to press for stronger federal oversight of the rapidly growing HIV-testing industry. "You can be pro or con testing, but as a prerequisite to a national testing policy, we're going to have to deal with this accuracy issue," he said.

## THE CONSTITUTION: A LIVING LEGACY

**HON. SOLOMON P. ORTIZ**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. ORTIZ. Mr. Speaker, last month our Nation celebrated the bicentennial of the U.S. Constitution. All across this great land citizens gathered to recall the profound blessings which this document has bestowed upon us. Of particular importance were the activities in which the students of our Nation's schools participated to commemorate the bicentennial of the Constitution. I would like to take this opportunity to commend one student in particular for his eloquent expression of the meaning and importance of the document which binds us all together.

I speak of Michael Brough, whose essay on the Constitution won first place in the senior high division of Kleberg County, TX. We can all learn from this young man's appreciation of what makes the Constitution such a special document. In his essay, Michael explains that it is both the Constitution's basic immutable principles and its ability to adapt to change that have allowed it to endure for so long as the fundamental law of the greatest nation on earth.

Just as James Madison and his colleagues 200 years ago found it necessary to express their ideas on the Constitution in the Federalist Papers, Michael Brough has provided us with further insight into the remarkable product of the American intellect known as the U.S. Constitution. As Americans, it is vital that we understand this most important of American documents and for his efforts in this regard, I would like to commend Michael Brough on his outstanding essay and insert it into the CONGRESSIONAL RECORD at this time.

### THE CONSTITUTION: A LIVING LEGACY

(By Michael Brough)

For 200 years, the Constitution of the United States has served as the foundation of all facets of American government and law. It has weathered heated controversies between Americans concerning issues such as states rights, slavery, and prohibition. Through two world wars and an ensanguined civil war, it remains the strong and vital basis on which freedom rests. The Constitution's survival through affliction ranging from economic depression to social oppression is evidence of its most important characteristics—its endurance. Obviously, the founding fathers foresaw such future conflict and assigned to the Constitution three qualities to which this endurance can be attributed: a definite statement of citizen's rights, the establishment of a governmental system, and the ability to change.



In the Bill of Rights and additional amendments, certain rights and freedoms are granted to the people. These are not set into specific laws but are used as the basis for creating more explicit laws on national and state levels. Due to the more general freedoms expressed in the great document, laws may be implemented, revoked, or changed to suit changing American society without making drastic alterations to the Constitution. However, although laws may adjust to the changing country, all must remain within the bounds of the basic tenets set forth in the Constitution, including freedom of speech, freedom of religion, freedom of the press, as well as the right to a fair trial. Thus, the law may be adjusted to future circumstances and values, but the freedom of Americans will remain intact.

In addition to setting forth rights, the Constitution established an ingenious system of national government. The basic pattern was for three separate but balanced federal powers. A bicameral congress, head of the legislative branch, became the law-making body for the United States; the executive branch, led by the President, was to carry out the law; and the Supreme Court and the remainder of the judicial branch were to interpret the laws. This delineation of power and responsibility created a thorough system of checks and balances when insured constitutionality and popular public consent to all laws and the administration of the law.

Finally, to insure the endurance of the Constitution, the framers of the document included provisions for change. The "elastic clause" of Article I empowers Congress to pass new laws to meet change. The Supreme Court can also modify laws by determining their constitutionality and interpreting their meaning. Thirdly, the authors introduced a slow, but not impossible, process by which the Constitution may be amended. Thus, the Constitution can adopt to changing times. With the ability to change, the provision of an organized government, and the statement of basic rights, the Constitution of the United States has served as the framework of today's American government. Throughout its two hundred year lifespan, it has remained a vital, dynamic document that truly is a living legacy.

## NATIONAL ACADEMIES OF PRACTICE

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. COELHO. Mr. Speaker, today I am introducing, along with Representatives CLAUDE PEPPER, BOB WHITTAKER, DANIEL AKAKA, HELEN BENTLEY, HOWARD BERMAN, HANK BROWN, DICK CHENEY, ROY DYSON, MIKE ESPY, PETER DEFazio, VIC Fazio, DENNIS HASTERT, PAUL HENRY, GEORGE HOCHBRUECKNER, STENY HOYER, NORMAN LENT, MEL LEVINE, JOHN LEWIS, JIM MOODY, BRUCE MORRISON, SID MORRISON, JIM OLIN, JIM QUIGLEY, PAT ROBERTS, TOMMY ROBINSON, BILL SCHUETTE, VIRGINIA SMITH, MIKE SYNAR, TED WEISS, and DAN GLICKMAN, legislation which would provide a Federal charter to the National Academies of Practice [NAP].

Established in 1981, the National Academies of Practice was created to serve as the Nation's interdisciplinary health policy forum. It consists of nine academies: Dentistry, Medicine, Nursing, Optometry, Osteopathic Medi-

cine, Podiatric Medicine, Psychology, Social Work, and Veterinary Medicine. Academies are dedicated to addressing the issue of the national health from the perspective of hands-on practitioners in an interdisciplinary fashion and without regard to the special interests of any of the nine health care delivery disciplines.

Membership in the NAP is restricted to 100 distinguished practitioners within each of the nine academies. Distinguished practitioners are elected by their peers and are individuals who have spent a significant portion of their professional careers as practitioners providing direct care to consumers.

Legislation to provide the NAP Federal charter status has already passed the U.S. Senate. I hope that you will join me in ensuring that this worthy organization receives positive consideration in the House of Representatives.

Mr. Speaker, the following is the text of this legislation:

H.R. —

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. CHARTER.

The National Academies of Practice, a nonprofit corporation organized under the laws of the District of Columbia, is recognized as such and is granted a Federal charter.

### SEC. 2. POWERS.

The National Academies of Practice (hereinafter in this Act referred to as the "corporation") shall have only those powers granted to it through its bylaws and articles of incorporation filed in the State or States in which it is incorporated and subject to the laws of such State or States.

### SEC. 3. PURPOSES OF CORPORATION.

The purposes of the corporation shall be to honor persons who have made significant contributions to the practice of applied psychology, dentistry, medicine, nursing, optometry, osteopathy, podiatry, social work, veterinary medicine, and other health care professions and to improve the practices in these professions by disseminating information about new techniques and procedures.

### SEC. 4. SERVICE OF PROCESS.

With respect to service of process, the corporation shall comply with the laws of the States in which it is incorporated and those States in which it carries on its activities in furtherance of its corporate purposes.

### SEC. 5. MEMBERSHIP.

Eligibility for membership in the corporation and the rights and privileges of members of the corporation shall be as provided in the bylaws of the corporation.

### SEC. 6. BOARD OF DIRECTORS; COMPOSITION; RESPONSIBILITIES.

The composition of the board of directors of the corporation and the responsibilities of such board shall be as provided in the articles of incorporation of the corporation and in conformity with the laws of the State or States in which it is incorporated.

### SEC. 7. OFFICERS OF CORPORATION.

The positions of officers of the corporation and the election of such officers shall be as provided in the articles of incorporation of the corporation and in conformity with the laws of the State or States in which it is incorporated.

### SEC. 8. RESTRICTIONS.

(a) INCOME AND COMPENSATION.—No part of the income or assets of the corporation shall inure to any member, officer, or director of the corporation or be distributed to

any such individual during the life of this charter. Nothing in this subsection shall be construed to prevent the payment of reasonable compensation to the officers of the corporation or reimbursement for actual and necessary expenses in amounts approved by the board of directors.

(b) LOANS.—The corporation shall not make any loan to any officer, director, or employee of the corporation.

(c) POLITICAL ACTIVITY.—The corporation and any officer and director of the corporation, acting as such officer or director, shall not contribute to, support, or otherwise participate in any political activity or in any manner attempt to influence legislation.

(d) STOCK.—The corporation shall have no power to issue any shares of stock or to declare or pay any dividends.

(e) CONGRESSIONAL APPROVAL.—The corporation shall not claim congressional approval or Federal Government authority for any of its activities.

### SEC. 9. LIABILITY.

The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

### SEC. 10. BOOKS AND RECORDS; INSPECTION.

The corporation shall keep correct and complete books and records of account and shall keep minutes of any proceeding of the corporation involving any of its members, the board of directors, or any committee having authority under the board of directors. The corporation shall keep, at its principal office, a record of the names and addresses of all members having the right of vote in any proceeding of the corporation. All books and records of such corporation may be inspected by any member having the right to vote in any corporation proceeding, or by any agent or attorney of such member, for any proper purpose, at any reasonable time. Nothing in this section shall be construed to contravene any applicable State law.

### SEC. 11. AUDIT OF FINANCIAL TRANSACTIONS.

The first section of the Act entitled "An Act to provide for audit of accounts of private corporations established under Federal law", approved August 30, 1964 (36 U.S.C. 1101), is amended by inserting after paragraph 70 the following:

"(71) National Academies of Practice."

## PERSONAL EXPLANATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mrs. SCHROEDER. Mr. Speaker, I was absent this summer for several votes. Had I been present, I would have voted as follows:

Roll No. 237, adoption of conference report on H.R. 558: "Yea."

Roll No. 285, adoption of House Resolution 231: "Yea."

Roll No. 286, passage of H.R. 618: "Yea."

Roll No. 287, adoption of the rule on H.R. 3022: "No."

Roll No. 288, passage of H.R. 3022: "No."

Roll No. 289, Eckart amendments to H.R. 1414: "Yea."

Roll No. 312, adoption of the rule on House Resolution 238: "No."

Roll No. 315, adoption of House Resolution 192: "Yea."

Roll No. 316, adoption of House Resolution 260: "Yea."

Roll No. 319, passage of H.R. 1154: "No."



Roll No. 320, Lungren amendment to H.R. 442: "No."  
 Roll No. 321, passage of H.R. 442: "Yea."  
 Roll No. 322, adoption of the rule on H.R. 3030: "Yea."

### DRUG CZAR'S "GREAT ESCAPE" THWARTED IN MEXICO

**HON. LAWRENCE J. SMITH**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. SMITH of Florida. Mr. Speaker, recently U.S. drug agents discovered an 800-foot-long tunnel that was being dug to a Mexico City jail housing drug czar Rafael Caro Quintero. Caro is a major narcotics trafficker and the prime suspect in the brutal February 1985 torture-murder of DEA Agent Enrique Camarena Salazar.

According to published reports, Mexican officials were aware of this tunnel and did nothing about it until we found out about it.

Mr. Speaker, as chairman of the Foreign Affairs Task Force on International Narcotics Control, I have watched the drug enforcement situation in Mexico deteriorate. Mexican cooperation in the Camarena case has been tepid at best. For 2½ years, Caro has been in jail awaiting a trial that I doubt ever will occur.

This was a major public works project of this nature—25 feet beneath the surface, 6 feet wide and 4 feet high, shored up for the entire length and taking 6 months. I sincerely doubt that it could not have been constructed in secrecy.

Everything about this episode is suspicious but all too familiar. Mexican officials either look the other way or else actively support the drug traffickers in their efforts to avoid prosecution. The upper levels talk a good fight, but their works are inadequate.

Now I know that Mexico's judicial system differs from our own. But before I leave this body, Mr. Speaker, I just once want to see Mexico try and convict a major trafficker or the people who murdered our DEA agent. I don't believe that is asking too much.

In the meantime, I congratulate our agents in the field for their fine work in ferreting out this escape tunnel.

### NATIONAL CULT AWARENESS WEEK

**HON. TOM LANTOS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. LANTOS. Mr. Speaker, today I am introducing legislation designating November 13-19, 1988, "National Cult Awareness Week." This will commemorate not only the 10th anniversary of Jonestown, where one of the most distinguished Members of this House, Leo J. Ryan, was murdered, but it will also serve to educate people about the dangers of destructive cults.

Destructive cults—of which Jim Jones' People's Temple is one of the most infamous—attack members' fundamental human rights and civil liberties. They use a variety of deceptive and coercive techniques to compel members to submit to the will of the cult leader.

These groups deprive the cult member of his or her freedom of choice and erode self esteem which often results in severe psychological damage. Destructive cults attack the most fundamental principles enshrined in our Constitution—in the words of Thomas Jefferson, "There can be no freedom of religion unless there is freedom of mind."

You or one of your family or friends may already have been approached by cult recruiters either on the street or even in your home. You may already be aware of some of the methods used by cults to recruit members, but I would like to take this opportunity to describe some of the most harmful techniques employed by these groups.

All new recruits are isolated from society and from contact with any viewpoint that might contradict the teachings of the cult. This usually includes cutting off all contact with family and friends—telephone conversations and letters are strictly controlled. As the recruit becomes more deeply involved these relationships are replaced by absolute dependence on fellow cult members and, in many cases, arranged marriages.

Strong peer group pressure makes recruits doubt their own convictions. New members find themselves in an attractive environment where they are flattered and made to feel that they belong. At no time is the recruit ever left alone to think through and sort out these new and confusing experiences. Furthermore, work hours are long and demanding and the member never receives adequate sleep. Coupled with a low protein diet, the recruit rapidly becomes vulnerable and disoriented. Members are encouraged to share their innermost secrets which helps to break down the ego. Later the threat of making these secrets public is used to help prevent escape.

Guilt is employed constantly to force members to work harder and without relief. The member assumes monumental guilt both for his or her own sins and also for the state of all mankind. This is coupled with the use of perpetual physical and spiritual fear to maintain group loyalty. The slightest negative or questioning of the cult is soul threatening. Tragic consequences are prophesied for anyone leaving the group. The member comes to believe that only the cult is the way to righteousness.

Many of us associate chanting and singing with cults. This is a deliberate tactic to induce a quasi-hypnotic state of high susceptibility. Cult members must also conform in dress, and the values formerly held by the members are constantly denounced. Members are normally compelled to donate their earnings, savings, and possessions to the group which further reduces the chance of escape from the cult.

One new recruit to a well-known cult describes the experience during a 100-day leadership training camp:

The camp, which operated on a rigid schedule, was physically, emotionally, and mentally overpowering. I felt that I never had enough food to eat or hours to sleep. There's something continuously going on, from early in the morning until late at night. Even in those situations where you're just moving from one location to another in the camp, there's somebody on either side of you. You become so fatigued and your emotions become so strongly accentuated that they set off to the side any kind of rational thinking process. You become an ab-

sorber of feelings and attitudes and behavior patterns rather than an alert adult responding to a community that is offering something which you can take or leave. You really become committed more by default than by choice.

Not all cults employ all of these techniques, and these methods are not necessarily inherently evil. However, when used by cults to deny individual choice, they attack our fundamental civil liberties. As we celebrate the 200th anniversary of our Constitution we must take all steps to ensure that the principles of our free and democratic society are protected. For these reasons, I urge you to join with me in supporting National Cult Awareness Week.

### PRESIDENT OF EL SALVADOR'S HUMAN RIGHTS COMMISSION GUNNED DOWN

**HON. ROD CHANDLER**

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CHANDLER. Mr. Speaker, yesterday I was appalled to learn that Herbert Anaya, the president of El Salvador's Human Rights Commission, was gunned down in front of his home by unknown assailants. It now appears likely that this assassination was the work of death squads.

It is clear that these forces, like their Communist counterparts in the FMLN, wish to subvert the peace process and overturn the reforms of President Jose Napoleon Duarte.

Well let me make clear that this outrageous, coldblooded, and brazen murder will not be tolerated. Any attempt by the forces of the right or the left to subvert the government of President Duarte will be met in the strongest possible terms.

There is no way the FMLN guerrillas can better assure United States support for their destruction than by fighting against peace in Central America. Likewise, the right wing in El Salvador can quickly end United States support by encouraging the death squads to continue or by challenging the Duarte government's stability.

Let both sides be warned that the forces of democracy in the United States Congress stand squarely behind the forces of democracy in El Salvador and all Central America.

No retreat from these principles will be tolerated.

### PERSONAL EXPLANATION

**HON. JAMES McCLURE CLARKE**

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CLARKE. Mr. Speaker, on Wednesday, October 21, 1987, I was necessarily absent for several votes. I would like to make clear my position on those measures considered by the House.

On the Courter amendment to H.R. 2939, the Independent Counsel amendments, rollcall No. 370, I would have voted "nay."

On the Shaw amendment to H.R. 2939, the Independent Counsel amendment, rollcall No. 371, I would have voted "nay."



On the Shaw amendment to H.R. 2939, the Independent Counsel amendments, rollcall No. 372, I would have voted "nay."

On final passage of H.R. 2939, the Independent Counsel amendments, rollcall No. 373, I would have voted "yea."

H.R. 1720

## HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. TALLON. Mr. Speaker, one of the greatest challenges to modern society is to provide basic assistance to those in need without limiting individual opportunity or independence. Until now, we have had limited success in meeting this challenge and the result has been a growing number of welfare dependents. We are beginning to recognize that providing basic goods such as food and shelter are often an insufficient and wasteful response to human need. Just as important are the deeper more vulnerable needs of a sense of worth and dignity. Too often, our Government administers to the results of employment and poverty without addressing the causes.

I rise today in support of a measure which I believe will correct this problem by linking welfare assistance with job training—H.R. 1720, the Family Welfare Reform Act. H.R. 1720 has as its fundamental component the essential link between work and welfare payments through employment training and support. It requires that targeted groups of welfare recipients participate in a national education, training and work program. The groups targeted are recipients like teen parents who are the most likely to become dependent on welfare. In establishing this training network, H.R. 1720 gives States maximum flexibility in adapting the program to meet their individual needs.

H.R. 1720 encourages States to raise benefits by enhancing the Federal matching rate for States that increase benefits to ensure that the safety net for the poor is adequate.

It sets a policy that will keep families together. In 23 States, a father must leave home in order for the family to receive welfare assistance. Under H.R. 1720, all unemployed two parent households would be eligible for assistance through the AFDC-UP Program.

It establishes the important principle that parents must be doing everything they can to support their children before the Government offers any assistance. For this reason, child support enforcement is a critical part of H.R. 1720. The bill calls for increased paternity determinations, penalties for noncompliance with the 1984 child support enforcement amendments, and incentives to adopt automatic wage withholding laws.

Each of these provisions is an important step in the process of permanently escaping poverty. Without a doubt there will be short-term costs in enacting these reforms. But they will be far outweighed in savings to the taxpayer as welfare recipients are transferred from the welfare rolls to the payrolls.

H.R. 1720 promises to change welfare from a maintenance system to a doorway to real opportunity. It promises this change because it refocuses welfare on fundamental concepts too long forgotten or overlooked. The first is the understanding that welfare should involve

reciprocal responsibilities. For too long welfare has been based on a lose-lose proposition where little is expected and little is provided.

The second concept is the critical importance of work. Work is the way to cut welfare costs and promote self-sufficiency. It confers emotional and psychological benefits on the recipient; it is an opportunity to join the Nation's mainstream. Work is important to the development of personal dignity, self-confidence, and identity, and as favorable to family stability and a healthy home environment.

The final understanding is the need to strengthen the family. The ties between marital instability, out-of-wedlock births and poverty are undeniable. Half of the Nation's poor live in female-headed families and over one-third of those in female-headed families are poor. Three out of every four new welfare cases result from either a marital disruption or an out-of-wedlock birth to first-time mother.

By refocusing the welfare system on these concepts we can create the opportunity to bring down today's barriers to productive lives for welfare recipients and invest wisely, systematically and productively in welfare prevention.

The chance to work, learn and hope are the essential ingredients of the American dream. Denied any one of these, an individual is unlikely to ever achieve a fulfilled, productive life. And for every American who is denied his full potential we sell short America's future. The choice is clear: more work or more welfare. I urge my colleagues to join me in support of H.R. 1720 and a securer future for all Americans.

## PERSONAL EXPLANATION

### HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. CLINGER. Mr. Speaker, last week the House passed legislation permanently reauthorizing the independent counsel statute.

I would like to take this opportunity to state for the RECORD my reasons for voting against final passage of the bill.

If you will recall, the House rejected the amendment offered by our colleague from Florida [Mr. SHAW] which would have extended the list of officials covered by the statute to include Members of Congress.

Time and time again, Congress has passed legislation under which the legislative branch is exempt from the bill's requirements. I ask my colleagues to consider the fact that we have legislated against discrimination in the workplace but continue to allow ourselves to hire, fire, promote or demote our own staffers on the basis of sex, race, or religion. Just this month, the majority of my colleagues voted for H.R. 162, the High Risk Occupational Disease Notification Act. It was described as a necessary step to protect the health of American workers. If the Members of this body feel that such legislation is indeed critically important, then our own offices should not be excluded from its provisions.

This practice of exempting ourselves from legislation deemed to be worthy of enactment is unacceptable to me and that is why I voted against final passage of H.R. 2939.

## A TRIBUTE TO THE MEMBERS OF DAAD

### HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. SAXTON. Mr. Speaker, I rise today to pay tribute to 47 high school students from my 13th Congressional District who have dedicated themselves to halting drug abuse right at the grassroots level.

The students, who attend Holy Cross High School and Delran High School, have so distinguished themselves that they are today receiving the "Youth Against Drugs" award bestowed by the U.S. Department of Education.

The program they are involved in is properly known as DAAD—short for "Drugs & Alcohol Abuse is Deadly." and through this unique program, these students have been able to reach down into our neighborhood grade schools where first exposure to drugs and alcohol is likely to occur.

As members of DAAD, each student must have first successfully completed 16 hours of training and counseling related to chemical substance abuse. They then team up into pairs and visit fifth grade classrooms throughout the area to speak to the younger students on many hazards of substance abuse.

The students themselves must be fully committed and dedicated to the cause and, at the onset, sign a contract stating that they, too, will remain substance free.

Mr. Speaker, I know that many Members of this House, and, of course, First lady Nancy Reagan, have demonstrated time and again their leadership in the war on drugs and other substance abuse.

But these students are leaders in their own right, intent on assuring that the next generation of Americans do not fall victim to the drug and alcohol problems which can destroy families, disrupt communities and end lives.

I'm sure my colleagues here in the House will want to join me in saluting and congratulating these young people for their dedication to a most worthy initiative.

Kevin Harrison, John Ellison, Debbie Ash, Jennifer Robinson, Michelle Miller, Mary Beth Smith, Jen Moore, Stacy Peterson, Nancy Venture, Andrea Branas.

Jennifer Goldberg, Joyce Chou, Susan Schneider, Sandra Prickett, Erik Wall, Raquel Sheeran, Kathy Murray, Joemille Santiago, Kristin Yaskowski, Joe Cartaino, Tricia Cosgrove, Keith Harvey, Kerri Hibbs, Heather Belonger.

Julie Finertie, Gizelle Brooks, Karyn Schneider, Thomas Potts, Susan Southwick, Steve Schneider, Geri Nahlen, Megan Thompson, Jeff Wilkinson, Michelle Chadwick, Danielle Derosa, Courtney Henty, Teresa Mitkus, Carol Clowry.

Frank Konicki, Tom Reinhart, Noelle Tracey, Chrissie Romanoff, Stephen Zakroff, Stacey Mullan, Carol Schnell, Kevin Knight, Cathy Younglove.



## THE PASSING OF JACK RAY

## HON. GEORGE (BUDDY) DARDEN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DARDEN. Mr. Speaker, I want to call to the attention of my colleagues the passing of Jack Ray, a Georgian who made an outstanding contribution to our State in his public life, and who also was a close friend of my family for many years.

Jack Ray died in Atlanta last week at age 74. He was a native of Norwood, GA—not far from my hometown of Sparta. His long political career included service in the State House of Representatives between 1943 and 1961, and as State treasurer from 1961 until 1970.

While serving in the general assembly, he was the principal sponsor of legislation creating Georgia's basic 3-percent sales tax. That new source of revenue made possible the first major school funding program in State history.

I am pleased to say that my uncle, John Ricketson, was among Jack Ray's early sponsors when he sought election to the general assembly. Over the years, our families remained close—he and my father were good friends; his son Neal and I have been friends since we attended the University of Georgia together, and our daughters have developed a strong friendship in recent years.

Jack Ray was always the same with everyone he encountered—warm and friendly, with a wonderful sense of humor. In later years, he changed his political party affiliation, but he never let that affect his relationships with his many friends.

Mr. Speaker, I invite my colleagues to join me in extending our sympathies to Jack Ray's wife, Jane Hamilton Ray, as well as to his son Neal and his sister, Mrs. Mary Robinson. Jack Ray's record of achievement in Georgia politics and government is matched by few others in our State's history.

## H.R. 3097, ORGAN TRANSPLANT AMENDMENTS ACT

SPEECH OF

## HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 27, 1987

Mr. FAZIO. Mr. Speaker, I wholeheartedly support H.R. 3097, the Organ Transplant Amendments Act, and commend the chairman of the Energy and Commerce Health Subcommittee, Congressman HENRY WAXMAN, for his efforts on behalf of this legislation.

This important bill authorizes a total of \$18.1 million in fiscal years 1988 through 1990 for grants to develop or operate organ transplant programs under the National Organ Transplant Act. It also calls for the creation of a bone marrow donor registry to be overseen by the Department of Health and Human Services.

I am particularly interested in and pleased by the inclusion of provisions relating to a national bone marrow registry to be used for matching donors for bone marrow transplants. Bone marrow transplantation has been particularly effective when performed under certain circumstances and is a life-saving treat-

ment for several blood diseases. However, for the transplant to be successful, the blood characteristics of the donor and the recipient must be carefully matched. As a result, most transplants have been done between siblings or other family members. Unfortunately, only about one-third of the patients who would benefit from a bone marrow transplant have such an appropriate donor within the immediate family.

Despite the small numbers of individuals who have relatives available to serve as donors, there is promising news that more of those in need of bone marrow transplants can receive them through unrelated donors. According to a recent report by the Office of Technology Assessment, a national registry of volunteer potential donors would facilitate improvements and would expedite appropriate research. With advances in bone marrow transplants between parties who are not related but whose blood characteristics are appropriately matched, such a registry is of considerable importance.

The first steps toward an effective national registry has begun with the establishment of a national bone marrow registry by the Naval Medical Research Institute of the U.S. Navy. The Office of Naval Research has coordinated a national registry of bone marrow donors whose primary purpose is to support civilian bone marrow transplant programs. This Office has contracted with a consortium of organizations to develop and maintain the registry by working with a group of over 50 local blood banks and blood centers that have established lists of tissue-type blood donors. Although the Navy is willing to maintain the registry through fiscal year 1988, it has indicated that it would prefer not to continue the registry after that date.

In light of this situation, the Secretary of Health and Human Services would be required under H.R. 3097 to establish a registry of voluntary bone marrow donors, under contract or grant with an appropriate organization or organizations, no later than October 1, 1988. Under this program, the legislation would authorize appropriations of \$1.5 million in fiscal year 1988 and \$1.6 million in fiscal year 1990 for this purpose. Furthermore, it will be up to the Secretary of Health and Human Services to determine the appropriate balance between the treatment of patients and facilitating research into this area, both of which are deemed important functions. Because I believe that such a program is an important priority and represents a worthwhile and important contribution in expanding availability and technology of bone marrow research and transplants, I offer my strong support for H.R. 3097.

## DENNIS HERRICK, AN AMERICAN WRITER

## HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. KILDEE. Mr. Speaker, it gives me great pleasure to share with my colleagues an article composed by Mr. Dennis Herrick, the editor and publisher of one of the most highly respected newspapers from America's heartland, the Sun, of Mount Vernon and Lisbon,

IA. Mr. Herrick has always demonstrated the type of level headed demeanor I believe represents the highest tradition in American editorship. Although I lost my administrative assistant, Dennis Herrick, to his dream of owning a newspaper a few years ago, I continue to consider him to be a man with tremendous intellect, intense patriotism, and high values of respect for others. The following article appeared in the Publisher's Notes section of the August 6, 1987, issue of the Sun.

We liked our heroes square-jawed, lean and handsome, and some folks really go for a uniform, too. I guess that's why a lot of people think Lt. Col. Oliver North is the latest American hero. But they don't have the same feeling about chunky Rear Admiral John Poindexter with his male pattern baldness and smelly pipe.

Poindexter should be just as popular as North. After all, North was only Poindexter's errand boy in the White House pecking order.

Frankly, I am appalled by both.

North and Poindexter are men of misguided principle, vigilantes who wrap themselves in America's flag while covertly flouting its Constitution.

Both are servicemen who forgot, if they ever understood it to begin with, that their commander in chief is the President of the United States, not the nearest be-medaled admiral or general.

Poindexter and North are two of the clearest examples we have had in a long time of why the writers of our Constitution put the military under civilian control, not under the rule of officers.

The arrogance of a rear admiral and a mere lieutenant colonel deciding what Congress and the President should know and what they should not know is staggering in its implications. They wouldn't even listen to the Secretary of Defense. Here are a couple of gung-ho boys who think they have the wisdom and power to conduct America's foreign policy.

Poindexter, as national security adviser, admits he did not tell President Reagan everything about the scheme he and North were working on. "I did not want him to be associated with the decision," Poindexter said. North claims he believed Poindexter had Reagan's explicit approval, but North lied about so many other things that his credibility is shaky at best on that claim.

Forget about whether America should or should not arm the Contras, freedom fighters, mercenaries or whatever else you want to call them, and help them overthrow a foreign government.

And forget about your feelings of trading hostages for sophisticated weapons.

And forget how we armed an avowed enemy of the United States, and may very well get some of those missiles back in the Persian Gulf the hard way.

And forget about how the entire affair has impacted the Iran-Iraq war that we were supposed to be neutral in, destroyed what little credibility we had in the Middle East, and made President Reagan look like an ignoramus and his Cabinet meetings like a bar brawl.

The question is whether North and Poindexter were good soldiers or zealots dangerously out of control.

It's clear to me.



A TRIBUTE TO BETTY  
GOLDENKRANZ

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. SCHUMER. Mr. Speaker, I would like to take this opportunity to recognize and congratulate an outstanding achievement by a resident of the 10th Congressional District and a dear friend of mine. Betty Goldenkranz has been named Reading Teacher of the Year by the New York State Reading Association.

I think my colleagues will agree that along with the criticism that our schools have taken over the past few years, great unheralded strides have been made in improving the way our children are taught. When I hear of the achievements of a person like Betty, I think you can agree we should all be very proud.

Betty Goldenkranz is in her tenth year as Reading Resource Teacher for Public School 269. Her responsibilities include teacher training and staff development, as well as a diagnosis and recommendation for students needing special attention.

She has spent time as a lecturer at Brooklyn College in the department of reading and learning, as well as a consultant to St. John's University for its after school tutorial program.

Betty has a BA in sociology and elementary education from Hunter College, an MS in education and reading from Brooklyn College and has also done post-graduate work, concentrating in learning disabilities.

Along the way she managed to raise three children with her husband, Steve, and they have three lovely grandchildren.

My best wishes and heartfelt congratulations go out to Betty and her entire family on this tremendous achievement.

"SIGNING FOR SUCCESS" GAL-  
LAUDET UNIVERSITY IS  
NUMBER ONE

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. GUNDERSON. Mr. Speaker, Biannually, U.S. News and World Report publishes and comments on a survey of college and university presidents of the best colleges and universities in the United States. With the 1987-88 academic year in full swing, the October 26, 1987, U.S. News and World Report dedicated a majority of this issue to higher education in the United States in its special report—"America's Best Colleges."

For many of us who thumbed through this issue, probably the first thing we looked for was how our alma mater ranked nationally or regionally. Aside from our personal interest in the survey, Members of Congress should note with great interest the top ranking of an institution, right in our backyard, that receives appropriated Federal funds. Gallaudet University, located in northeast Washington, DC., received the distinction as the best liberal-arts institution in the East.

It is important to note that being included within the results of the U.S. News and World Report survey is nothing new for Gallaudet

University. In 1983, Gallaudet College was ranked as the fifth best Eastern liberal-arts institution. Two years later, in the 1985 survey, Gallaudet College was ranked number three of Eastern smaller comprehensive institutions. A year after Gallaudet was recognized as a university under title I of the Education of the Deaf Act of 1986, it has been ranked number one by its peers as the top Eastern liberal-arts institution. These and other accomplishments illustrate the depth and quality of the university community at Gallaudet. Gallaudet University shows us that we do get better with age.

For over 122 years, Gallaudet University has served as the only liberal-arts institution in the world dedicated to educating hearing impaired individuals. Gallaudet University stands as an international symbol of the unique aptitude, potential, and talent of hearing impaired individuals by delivering outstanding educational opportunities, leadership, and programs for the hearing impaired of all ages.

Gallaudet University has made great strides in the 1980's, and I have no doubt it will continue to grow and prosper in the years to come. Congress must continue to recognize and support the accomplishments and importance of Gallaudet University's mission in our higher education community.

As a Congressional Trustee for Gallaudet University, I am proud of the many achievements of this fine institution, and wish to congratulate Gallaudet University's administration, faculty, staff, and students for their dedication and service for the continuing growth of this innovative learning environment.

A BIT OF PORTUGAL IN  
NEWARK

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. RODINO. Mr. Speaker, as a lifetime resident of Newark, I share with all my fellow Newarkers a deep sense of pride in our city. Newark is a city on the move—undergoing a renaissance and a rebirth.

It is also a city of people and neighborhoods. Throughout its long history, Newark served as the gateway for countless numbers of people seeking a better life and bringing with them their many cultures and traditions. This gives Newark a social fabric that is both diverse and unique.

One Newark neighborhood that boasts a rich urban vibrancy is the Ironbound section. This prosperous, tightly knit community is particularly noted for the many contributions of its Portuguese-American residents and its special ethnic flavor.

Mr. Speaker, with your permission, I would like to include in my remarks a recent article from the New York Times highlighting the many attractions in the Ironbound neighborhood.

[From the New York Times, Oct. 7, 1987]

LITTLE PORTUGAL: PAGE OF HISTORY IN  
NEWARK

(By Marian Burros)

Visitors to the Ironbound section of Newark enter a time warp. Just three blocks from Pennsylvania Station here and a five-minute drive from Newark International Airport is an ethnic neighborhood of 40 or

50 years ago, where in the late afternoon, neighbors visit with neighbors, the women on their stoops, the men in the local bars.

Portuguese music blares from loudspeakers along Ferry Street, a milelong stretch of shops and restaurants. The language in the stores is Portuguese. Travel agencies offer bargain trips to Portugal. Imported Portuguese ingredients take up at least 20 percent of the shelf space in the markets, while the 50-odd restaurants serve Portuguese dishes, with a generous helping of Spanish favorites like paella and mariscada.

This tiny section of Newark is bounded on three sides by railroad tracks and on the fourth by a railroad yard—hence the name. Some, however, prefer to call it Down Neck, from its location on a neck bordered by the Passaic River, or simply Little Portugal.

A working-class community since it was settled in the early 19th century, the Ironbound has seen a succession of immigrant groups: German, Irish, Polish, Italian. It did not become famous for eating and shopping, however, until the Portuguese began arriving in the 1960's and 70's.

Today, most estimates agree that about 50,000 to 70,000 residents of the Ironbound, or 50 to 70 percent of the population, are Portuguese; the remainder are Hispanic, Italian, black and Polish.

It is a prosperous, tightly knit community. Those who leave feel a constant pull to return. Isabel and José Fernando Costa, for example, moved back three years ago from South River, N.J. "Even when I lived in South River," Mrs. Costa said, "I still came here to shop. The butcher does something special for you, and the fish is fresh."

At lunchtime, the markets are filled with young women who work in the area and know the butchers and fishmongers by name. Maria Cordiero of Elizabeth, N.J., shops once or twice a week at Conde's Fish Market, which opened in 1929. "The things are fresher here," she said.

Many women from the Ironbound shop for groceries every day usually after work and often with children in tow. At stores like Seabra's on Ferry Street, Portuguese and American ingredients jostle for shelf space: Serra Curado, a goat cheese dipped in paprika and oil, and Kraft single slices; Portuguese corn bread, dense and crusty from its corn and wheat-flour base, and Wonder bread; ketchup and piri-piri, the stingingly hot peppers from Angola, a former Portuguese territory.

Retail bakeries supply the stores with excellent breads and many customary Portuguese sweets. There are also the distinctively perfumed and fruity Portuguese olive oils and unusual cuts of meat: salted pig's ears, pork tongues, tails and snouts and chickens with heads and feet intact. The Lopes Meat Company is famous for its spicy sausages, such as chouriço and linguiça, and presunto, which resembles prosciutto. At week's end, the fish markets feature fish flown in from Portugal.

These ingredients will be turned into savory Portuguese specialties like caldeirada, a fisherman's stew that includes cod, squid and monkfish. The whole is suffused with olive oil, as are so many Portuguese dishes. Bacalhau, the beloved salt cod, is offered in a dozen variations. Sardines are grilled, then eaten head and all.

Pork is a staple and the basis of two hearty recipes: pork and clams cooked with pickled vegetables and olives and served with fried potatoes, and feijoada, a casserole of pork and beans similar to the Brazilian dish of the same name, except that the beans are white instead of black.

The neighborhood appeals not only to Portuguese-Americans, who come from as



far away as Long Island, Westchester County and Pennsylvania, but to other transplanted Europeans. Michael Frede, who is German and teaches at Princeton University, comes with his wife, Gabrielle. On one visit, Mrs. Frede was pushing their 13-month-old twin daughters in a stroller through Orlando, a food market on Ferry Street.

"It's like an old-type community that we don't have in Princeton," Mr. Frede said. "The things we can get here are much more European—the ham, cheese, rabbits chourico. This is like an outing for us. We have some coffee and shop."

It is the restaurants, however, that attract the largest cross section of visitors. "You can't get the food anywhere else—the taste, the quality, the way it's presented," said Michael Bertone, a lawyer who was dining at the Peninsular on Ferry Street.

"When I came to New Jersey in 1973 as Federal prosecutor, I quickly learned that Newark is known for its Portuguese food," said Peter Sarason, a lawyer in Roseland, N.J., who recently brought two business associates to Casa Vasca.

Casa Vasca is a Basque restaurant, but even the Portuguese say it is difficult to tell Spanish and Portuguese restaurant food apart. "After a while, they blend here," said Céu Cirne-Neves, who was born in Portugal and came to the United States when she was 14 years old. "So even though paella is not Portuguese, it's made in Portuguese restaurants."

Ms. Cirne-Neves, who is the public-relations director for St. James Hospital in the Ironbound, said the Portuguese food was authentic. But Armando Fontoura, the undersheriff of Essex County, N.J., and the president of the Portuguese-American Congress of New Jersey, disagreed. Mr. Fontoura came to the Ironbound from Portugal when he was 11. "Catering to Americans in the restaurants," he said, "has bastardized the food."

Authentic Portuguese food is less oily than Spanish food and uses spices more widely, according to Jean Anderson, the author of "The Food of Portugal" (Morrow, 1986). The distinction is probably lost in the Ironbound. "For Americans," said José Marques, the owner of El Pastor restaurant on Market Street, "we make things with less hot pepper, less fat and less salt."

Despite the American intrusions—the ketchup on the table, surf and turf on the menus—the Ironbound is essentially a European enclave in the United States, one to which its sons and daughters often return.

Mr. Fontoura, for example, said his family has made a down payment on one of the area's first condominiums. "I miss the people and the density," he said. "There is someone always available to talk with until the wee hours of the morning." And there are the Portuguese foods: "Why, you can buy everything you need right here."

#### TRIBUTE TO MR. FRANK ZACCARIA, PRINCIPAL OF THE PASSAIC COUNTY TECHNICAL AND VOCATIONAL HIGH SCHOOL

**HON. ROBERT A. ROE**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. ROE. Mr. Speaker, I rise today to join in honoring a man of great compassion and selfless ambition. Mr. Frank Zaccaria, the newly appointed principal of the Passaic County

Technical and Vocational High School, will be honored by the Federation of Italian Societies at its annual dinner dance on November 1, 1987.

Mr. Zaccaria has long recognized the value education holds for all members of society, including those with special needs and requirements. At this time I would like to quote a brief history of his distinguished career which includes a wide range of both private, civic and public duties:

#### TRIBUTE TO MR. FRANK ZACCARIA, PRINCIPAL OF THE PASSAIC COUNTY TECHNICAL AND VOCATIONAL HIGH SCHOOL

Frank was born in Totowa on August 8, 1930, and has been a resident of West Paterson for the past eighteen years. He attended local schools and graduated from Passaic Valley High School in 1947. At the outbreak of the Korean conflict, Frank joined the U.S. Air Force, served four years, and achieved the rank of Staff Sergeant, while serving with the European Occupation Forces in Germany and Italy.

After his discharge, he returned to civilian life and married Mary Brosnan, resumed his job at Continental Can Co., and enrolled at Seton Hall University earning a Bachelor of Arts Degree in Sociology. Frank continued his education and received a Masters Degree in Education from William Paterson College.

After 22 years in a business career, which saw him rise from a factory line worker to Production Control Manager, Frank chose to pursue a long desired career in the field of Education for the Handicapped. In 1971, he joined the staff of the Passaic County Technical and Vocational High School as a teacher of the handicapped. It wasn't long after that he was appointed to the position of Coordinator of Cooperative Industrial Education, placing handicapped students in jobs. In 1985, Frank became Supervisor of Career and Vocational Education. The Board of Education appointed Mr. Zaccaria principal of that school in January 1987.

In addition to his membership in the New Jersey Principal and Supervisors Association, the Epsilon Pi Tau Professional Society of Industrial Arts and Vocational Education, the American Vocational Association, and the New Jersey Cooperative Industrial Education Coordinators Association, he was elected to "Who's Who" in American Cooperative Education in 1980.

Frank's civic activities and interests include serving as Vice President of the Board of Trustees of Tombrook College for five years, Secretary to the West Paterson Planning Board, member of the Passaic County Boy Scouts of America's Executive Board, one of the founders of the Italian American Forum, member of the West Paterson Bicentennial Committee, and membership in the West Paterson American Legion Post #238.

He has been an elected councilman of the West Paterson governing body since 1973, having held the various positions of Council President, Police Commissioner, Fire Commissioner and Finance Commissioner.

He and Mary are members of Our Lady of Pompeii Church in Paterson. Their five children, Frank X., Kathleen and her husband Richard Dellanno, Karyn, Mary, and Pamela, are the delight of their lives and a lovely tribute to their 31 years of married life.

Mr. Speaker, I believe it is most apparent that Frank is a self-made man, who turned from a successful business career to re-channel his efforts into a career where his love of knowledge could be passed on to others. Education is the most precious commodity we

can pass on to our children, and it is important to remember that education must be flexible to meet the needs of everyone who desires to learn. Schools such as Passaic County Vo-Tech give students an option, allowing them to learn valuable and much needed job skills for New Jersey's booming economy, while still providing a solid background in the traditional studies thus allowing them to continue their education beyond high school.

Frank Zaccaria has been intimately involved in the school both as an instructor and administrator for 15 years. He is a concerned educator, one dedicated not merely to supervising children while their parents work, but to a complete, well rounded education where the parents are involved in the process as the students. Mr. Speaker, the world today is a demanding one, but if we can find men and women like Frank Zaccaria, who care enough to prepare our youth to be active and productive in it, then I am confident we will leave our communities and our country in very capable hands.

#### STOP THE EXPLOITATION OF CHILDREN

**HON. GEORGE MILLER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. MILLER of California. Mr. Speaker, I recently introduced a bill to ban the importation into our country of products produced by exploited children. I am very pleased that the measure has drawn the support of nearly 90 of our colleagues, as well as the endorsement of many advocacy organizations representing labor, children, and human rights. It's time to demand that the brutalization of children in the workplace stop.

Today, the Christian Science Monitor printed my opinion editorial which discusses the steps which must be taken to protect the world's children. I urge my colleagues to read the article, and to cosponsor my legislation.

The article follows:

#### STOP EXPLOITING CHILD LABORERS

(By George Miller)

In June 1970, the United States Fish and Wildlife Service added the whale to its list of endangered species, severely restricting the importation of whale products.

The same step was taken in 1978 to help ensure the survival of the Asian elephant. Since the enactment of the Endangered Species Act in 1966, similar protection has been granted to rhinos, leopards, wombats, and many other species.

Don't the world's children deserve the same level of protection?

According to the International Labor Organization, 88 million children between the ages of 11 and 15 are now part of the world's labor force. They, and millions more younger than 11, work in dismal and dangerous conditions, putting in endless hours and getting virtually nothing in return.

Child labor is on the rise in large part because third-world countries are racing to meet the demand for their products created by Western nations. A Thai government survey revealed that child labor in Thailand increased 30 percent between 1981 and 1983, and evidence suggests the rate has continued to climb in tandem with the Thai



export industry. A 1985 United Nations study of Thai industry reports that "manufacturing industries employing a large proportion of child workers are those which expanded very rapidly in the last few years as a result of their export potential."

Child laborers all over the world leave a long trail of profits for company owners, traders, and Western department stores.

The Mocary factory in Morocco can produce a carpet for less than \$20. When it is sold to Macy's in New York for \$166, Mocary executives gain almost \$100 in profit. After marking up and selling the rug, labeled "Made in Morocco exclusively for R. H. Macy's," Macy's makes a \$282 profit. The broker who arranges these and other transactions makes millions of dollars each year in commissions. The United States imported 10,000 carpets, worth \$2.3 million, from Morocco in 1985. Western consumers create the demand for these products, but do nothing to ensure that the world's children are not sacrificed. It's time to use our economic strength to protect the children of the world rather than allow commercial demands to underwrite their enslavement.

When concerns about international exploitation of child labor are raised, we are frequently admonished that we cannot affect labor conditions abroad. We are told we cannot mandate remedies, or that foreign governments won't even respect their own fair-labor laws. Yet by prohibiting the importation of products derived from endangered species, we do attempt to influence the policies of foreign governments.

We should in effect, add "exploited children" to the list of "endangered species." This is the essence of legislation that I recently introduced in Congress: barring the importation into the US of any item produced in violation of internationally recognized child labor rights.

We are also told that unless these children are allowed to work, they will starve. Such arguments have served to justify exploitation for centuries. Like the slaveholders who justified slavery on the basis that slaves were better off on the plantation, countries that ignore child labor laws say employers hire five-year-olds out of compassion. The truth is that these companies prefer to hire children, rather than some of the millions of unemployed adults, because they can work them long and pay them little. An Indian legal scholar estimates that if child labor was eliminated in his country, 15 million adult jobs would be created.

Stopping child labor requires a national commitment to keeping children out of the workplace. Kenya, an underdeveloped and impoverished nation, is not only more aggressive in enforcing its child labor laws, but has established Africa's first policy of universal education. In many countries, however, the government simply disregards its own child labor laws, as well as minimal international standards for child labor: enforcement of a minimum working age; prohibition of work at night or in hazardous occupations; enforced standards for minimum hours of work, health, and safety; and a ban on compulsory employment. Some governments have encouraged children to enter training programs where, in the absence of any mechanism to prevent exploitation, they are soon working 70 hours a week.

By putting economic pressure on these countries, we can force them to change their child labor practices.

As child labor stunts the mental and physical growth of children, it also stifles a nation's potential for development. Economic progress in the third world will not come by wasting away the most valuable resource for the sake of foreign exchange. Prosperity

will be achieved by giving children the opportunity to grow, and allowing them to make a much greater contribution to society as adults.

#### WALL STREET JOURNAL ARTICLE EMPHASIZES TRUE CORPORATE SHAREOWNER RESPONSIBILITY DURING HOSTILE TAKEOVERS

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. THOMAS A. LUKEN. Mr. Speaker, during the past few years, most of us have come to recognize that this country has slipped a rung or two on the ladder of international competitiveness. Confident as we are that America can regain its competitive edge, and turn an alarming trade deficit into a once-again respectable trade surplus, we nonetheless know that the task ahead will not be easy.

Recently, John Smale, chief executive officer of Procter & Gamble, headquartered in Cincinnati, addressed the question of competitiveness at the annual meeting of Procter & Gamble shareholders. An adaptation of his remarks was published in the Wall Street Journal on Friday, October 16, 1987.

Shortly, Mr. Speaker, this body will be asked to vote on legislation amending the 20-old Williams Act. As it seems wholly fair to suggest that we have been prompted into action by the increasingly abusive and manipulative tactics of "corporate raiders" and inside traders, and inasmuch as much needs to be said about hostile takeovers and well-run corporations, I ask that Mr. Smale's Wall Street Journal article be inserted into the RECORD. In doing so, I sincerely hope that his salient remarks will be widely read and pondered by my fellow Members and by concerned citizens everywhere.

[From the Wall Street Journal, Oct. 16, 1987]

#### WHAT ABOUT SHAREOWNERS' RESPONSIBILITY?

(By John G. Smale)

Widespread hostile takeover activity has made maximizing immediate shareholder value appear to be the basic purpose of a business enterprise. Some defend hostile takeovers as adherence to free enterprise—as reliance on market forces to structure and restructure our economy. But this emphasis will, if not appropriately curbed, have just the opposite effect.

From the perspective of someone whose company has been in business for 150 years, I can say that by focusing on the short term, our publicly held business enterprises will see their competitive position decay, their resiliency in difficult times undermined, and their standing in our society compromised.

There is, of course, nothing new about a corporation's fundamental responsibility to its owners. What is new is the role of what I'll call the "temporary owner," whose sole interest is that of a speculator looking for the "fast buck."

In sharp contrast to the traditional shareholder, "temporary owners" play a role that can lead to the acquisition of corporate assets through creative financing—for the purpose of reaping a quick profit. This often results in the breakup and/or the forced as-

sumption of major debt by the corporation under attack.

#### A COMPETITIVE MARKETPLACE

This process produces in my opinion, a distortion—and a serious one—of the role of business in our society.

That role is to provide goods or services the society wants at the lowest possible cost. It does this in a competitive marketplace—a marketplace continuously evolving in terms of technology, consumer needs, competitive skill and economic circumstances. Over time, how well a company does depends importantly on how vigorously it prepares for the future. That preparation often involves decisions and investments that have short-term adverse consequences.

And that's one of the things that should concern us about hostile takeovers: Managers making expedient decisions to run up the price of their company's stock in order to try to prevent the takeover of their company.

It is difficult to generalize about hostile takeovers and forced leveraged buyouts because each situation has its own unique elements. It's clear, however, that opportunity exists for manipulation to produce profits for speculators without consideration of the real interests of the corporation's long-term investors, its employees, or the communities in which it operates.

It is also clear that hostile takeovers do not do what the speculators say they will do. Research by scholars such as Michael Porter of Harvard Business School suggests they do not usually bring better management to poorly run companies, do not create additional wealth in our economy, and do not even, over time, necessarily provide a good mechanism for shareholders to realize full value for their shares.

Historically, it was considered highly desirable to have a strong balance sheet, a balance sheet with no more than a reasonable amount of debt. This enabled the corporation to withstand economic downturns, and gave it the financial resources to make major investments, all to the advantage of shareholders. Now, some argue that corporations are "underleveraged."

But an argument can be made, as well, that it is not a healthy thing that corporate debt has grown over half a trillion dollars in the last 4 years—from 37 percent of U.S. corporate net worth in 1983 to 53 percent last year, a record debt ratio.

Until recently, putting a significant part of a company's profits into investments for future growth was considered essential—the driving force of future profit growth. Now, it is argued that companies should cut investments to provide shareholders quick returns. For example, oil companies have been attacked for using profits to search for new oil reserves. Even more ominous for the ability of American business to compete technologically is what I've heard from other chief executive officers about cutbacks in research and development resulting from takeovers or resistance to attempted takeovers.

Historically, temporary fluctuations in the market price of a company's stock did not drive decisions on how the company should be structured. Now, some argue that if the total value of all of the company's stock is less than the price that could be paid for its various parts, the corporation should be effectively liquidated.

Hard to measure, but nonetheless important, is the damage that overemphasis on short-term results can bring to the attitudes of our society toward corporations. Corporations are citizens—paper citizens to be sure—but citizens nonetheless. A corpora-



tion exhibiting little concern for the rest of society or for its own future risks the disfavor of our citizens.

A corporation's success over time is almost totally dependent on its ability to attract and retain good people as employers—good people in terms of their talents, their integrity, and their willingness to sacrifice at times for the good of the company. But for a corporation to expect this kind of commitment and dedication from its employees; it must reciprocate. It must evidence a greater breadth of purpose than short-term maximization of per-share stock price.

There can be little argument about the obligation that those who manage and govern corporations have to the shareholder. But what about the shareholder's obligation? In fact, doesn't ownership itself imply some responsibility if our economy and our society are to be healthy?

Here, an examination of the history of my company is, I think, helpful. Procter & Gamble, founded in 1837, predates over 99 percent of the business corporations in this country. It has seen public attitudes and expectations concerning corporations shift with economic and political circumstances over the years.

Our beliefs about the responsibilities of ownership are based on the attitudes of our founders and their successors—owners of a family business. Through their actions, the Procters and the Gambles demonstrated time and again three aspects of responsibility, which are still a part of this company's character.

They were generous with their time and money to help those less fortunate and to build a thriving community. They planned the business for the long-term, and they were mindful of their employees.

The company has always been an industry leader in employee benefits and has, today, the longest running continuous profit-sharing plan in existence.

Early in the 1920's, the company implemented a plan, revolutionary for its day, of selling direct to retailers. The resistance of wholesalers to this idea, coupled with a national financial crisis and recession, resulted in a 1-year loss to the company of more than \$30 million. That was an amount about equal to what the company had earned in its previous 5 years.

You can imagine how Cooper Procter, the corporation's chief executive at the time, felt about this. He knew it would adversely affect the value of the company's stock in the short run. He wrote his niece at the time: "My own judgment and prestige will suffer . . . I cannot help . . . in the long run, the present plan will work for the advantage of the average stockholder who held this stock as an investment and not as speculation."

Cooper Procter was right, of course. The decision worked to the advantage of the stockholder, because the decision had fundamentally made the company more competitive.

We feel very deeply our obligation to the owners of this company, both individual owners and the institutions who own large numbers of shares. We have the fundamental obligation to enhance the value of their ownership over time.

Importantly, we feel responsibility for our own employees and retired employees who constitute by far the largest single group of shareholders. This company doesn't have a pension plan. It has profit sharing. And the vast majority of the company's profit-sharing plans are held in P&G stock. Furthermore, 16,000 of our some 44,000 U.S. employees purchase additional P&G stock each month through a payroll deduction plan.

#### GUIDING PRINCIPLES

For the most part then, the employees of this company—management and workers alike—have their financial well-being tied to P&G stock. And over time, it's worked out pretty well. In the past 35 years, for example, an investment of \$100 in P&G, with simple reinvestment of dividends, would have grown to \$6,977—an amount 75 percent higher than from a similar investment in the stocks included in the Dow Jones Industrial average for those years.

We have no crystal ball. We don't know what the future will bring. We do know, however, that the principles that have guided the conduct of this company's business in the past have served its shareholders, its employees, the communities where it operates, and consumers throughout the world—and served them well. We intend to continue operating on the basis of those principles in the future.

I believe the basic business system in this country has worked well. It has been, by and large, efficient. It has produced the world's highest standard of living for our citizens. We must be very sure that in an environment of expediency—with some willing to manipulate corporate structure for quick profits—we don't end up compromising the basic strength of this unique business system.

#### VIETNAM: ANOTHER BETRAYAL?

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. McCOLLUM. Mr. Speaker, I would like to bring to the attention of all Members an article written by Al Santoli entitled "Vietnam: Are We Setting the Stage for Another Betrayal?"

Al Santoli is a much decorated Vietnam veteran and author of many books on Vietnam. His article, written in the editorial section of the Washington Times on September 22, 1987, addresses the current negotiations between the Reagan administration and the Vietnamese Government concerning our missing servicemen in Southeast Asia. This "must-read" article grows in importance with the current negotiations taking place regarding Central America; it seems the United States has learned the wrong lessons from the Vietnam war.

[From the Washington Times, Sept. 22, 1987]

VIETNAM—ARE WE SETTING THE STAGE FOR ANOTHER BETRAYAL?

(By Al Santoli)

With all the best intentions, the Reagan administration is once again engaging in a foreign policy debacle. By encouraging "humanitarian assistance" and considering lifting certain trade restrictions to Vietnam, the stage has been set for further destabilization in the Pacific region.

This development concerns allies like Thailand, whose citizens are suffering ongoing attacks by Vietnamese and Laotian troops, who also train and supply militant Thai "Pak Mai" guerrillas. And as part of the Soviet "internationalist" alliance, Vietnam's aggressive activities extend to our own hemisphere.

In El Salvador, captured guerilla documents and communist defectors have stated that top FMLN guerrilla commanders have been recently trained in Vietnam. And on

Aug. 31, 1987, in a nationally broadcast speech before the ruling Council of Ministers in Hanoi, Vietnam's No. 2 leader Pham Hung, reaffirmed: "Vietnam will actively continue . . . to support the struggle against imperialism in El Salvador, Chile, Palestine, Lebanon . . . and the policy of national concord of the Democratic Republic of Afghanistan" (the Soviet proxy regime). And in Guatemala, American M-16 rifles captured by Hanoi are being found in the hands of communist guerrillas.

Earlier this August, President Reagan sent a delegation to Hanoi led by retired Gen. John Vessey to discuss the missing-in-action (MIA) issue. This visit set the U.S. aid initiative into motion. After the Vessey delegation returned to Washington, I asked the trip's organizer and point man at the National Security Council for the MIA issue, Col. Richard Childress, if they discussed the training and supplying of Latin American guerrillas with the Vietnamese. Col. Childress emphatically said, "No," because that would have created an unharmonious atmosphere at the meetings.

After the seven years of frustration on the MIA issue, the administration had capitulated to Hanoi's intransigence, ignoring the regime's brutal behavior to its own citizens, to its neighbors and in the international community.

The aid initiative comes at a time when Vietnam is stepping up its propaganda campaign to divide ASEAN solidarity and win votes of support on its occupation of Cambodia at the upcoming United Nations session. And rather than moving away from the Soviets, who have doubled their aid to Vietnam to \$2 billion annually, in speech after speech Vietnamese leaders proclaim that "militant solidarity and all-around cooperation with the Soviet Union is the cornerstone" of Vietnam's policy.

Presently, the Soviets are expanding military bases in Danang and Cam Ranh Bay, already their largest overseas naval and air facilities. And with the recent Indian seizure of the Sri Lankan port of Trincomalee, the Soviets have the ability to threaten or block both entrances to the Straits of Malacca, the choke point of shipping between the Indian and Pacific Oceans.

The administration's irrational actions are reminiscent of the Paris Peace Accords of 1973, which guaranteed the return of all American prisoners and remains. Col. Childress was only a junior officer at the time. His lack of sound judgment in dealing with the Vietnamese and Laotian communists is almost understandable. But Gen. Vessey played a major policy role in handing Laos to the North Vietnamese and Pathet Lao.

In 1972, as deputy chief of the Joint U.S. military Advisory Group in Thailand, Gen. Vessey was responsible for planning the defense of Laos after the cease-fire went into effect. At that time, the North Vietnamese were continuing a blitzkrieg offensive throughout Laos, especially along the Ho Chi Minh Trail, the main invasion route to South Vietnam.

The backbone of Laotian defense was 30 battalions of Thai Special Guerrilla Units trained by U.S. Special Forces. On Dec. 18, 1972, in a top secret cable to the Pentagon, Gen. Vessey condescendingly ignored the Vietnamese offensive and advocated disbanding the SGUs. Hence leaving Laos at the mercy of communist forces. And our loyal friends, the Hmong irregular troops, were slaughtered as they tried to disrupt the NVA onslaught toward South Vietnam on the trail. The Vessey cable to the Pentagon states: "Agreement to maintain the SGU assistance to Vietnam at this time is tantamount to supporting their occupation



of Cambodia and future aggression against Thailand.

And in El Salvador, since FMLN leaders have received training in Vietnam, landmine terrorism has tragically increased, creating hundreds of civilian casualties.

The Reagan administration's policy of paying the communists for MIA remains through intermediaries goes back at least to late 1984. At that time, unknown to the public, Col. Childress spearheaded administration pressure on the Asian Development Bank to grant an \$8 million interest-free loan to Laos for a forestry project of dubious merit. An American official at the bank resisted out of concern that the project would help to support the 50,000 Vietnamese troops that control Laos. And he feared that slave labor for the project would come from former American allies who are inmates in the Laotian gulag. But after heavy administration pressure, the money was given. And another such loan for Laos is being prepared at present.

Human rights conditions in Laos and Vietnam are among the most reprehensible in the world. Last week, while Mr. Reagan met with the pope, more than 200 Catholic priests and nuns, 3,000 Buddhist monks and nuns and 30 Protestant ministers continued to languish with thousands of other re-education camp prisoners in Vietnam's gulag.

Immediately prior to Gen. Vessey's trip, Vietnam's media heralded a mass arrest of Catholics, including an 81-year-old priest, in Thu Duc near Saigon. And while Montagnard tribespeople continued to be persecuted in Vietnam, on the Thai-Lao border desperate Hmong refugees are being murdered by Vietnamese and Lao troops.

Thailand, through threatened by U.S. trade sanctions, has stepped up its efforts to suppress drug trafficking. Meanwhile, the Laotian government has become a major grower and exporter of opium, heroin and marijuana. Much of it is exported through the Vietnamese port of Danang. Drug enforcement experts in Asia say that this year the Laotian opium crop is 100-200 tons, a 400 percent increase above last year. This dramatic rise in the Laotian drug trade was confirmed by U.S. Assistant Secretary of State Ann Wroblewski in recent testimony before the House of Representatives.

I don't believe that any servicemen who were taken prisoner or died in Indochina would agree that the reclamation of their remains is more important than protecting our children from the drug trade.

And as a veteran who fought alongside those men, I don't believe that their sacrifice should be a reason for the U.S. government to grant aid or support to Soviet proxy regimes who have broken every rule of international law and decency. Especially when they openly broadcast the large amounts of fresh food they ship to the Soviet Union while their own people are hungry.

So long as Vietnam and its surrogates remain a threat to their neighbors and our allies in other parts of the world, the U.S. government must not, as in 1973, capitulate and give license for further tyranny.

As in North Korea, where more than 8,000 American bodies remain, we must not let sentiment take precedent over strong resolve and sound judgment. This is the only hope to break the stranglehold of communist strongmen over their enslaved peoples.

The administration should learn from the lesson of Ethiopia, where massive Western aid was cynically exploited by the regime. Though some people were saved from starvation, thousands of others are being slaughtered in subsequent communist-forced relocation and collectivization campaigns. And instead of moving the Ethiopians

away from the Soviets, who maintain a major naval base there, we've helped them consolidate their power.

When administration or congressional delegations visit Hanoi, the first place they should visit is the giant statue of Lenin erected just last year in Ba Dinh Square, the only such icon in all of Southeast Asia. There may be a more productive way to gain the release of captured American servicemen like Mike Bosiljevac, who quite possibly was transferred to Moscow because of his technical knowledge. Rather than paying ransom to proxies, it would be better to deal directly with Moscow, similar to the acquisition of Anatoly Sharansky.

The MIA issue remains highly charged, sometimes to mythic proportions, for many patriotic Americans who wish to reclaim honor lost in Vietnam. But we should remember that the brave servicemen put their lives on the line—and sometimes endured horrific torture—for the ideals of freedom and to stop communist expansion.

They are dying a second death because not only were their ideals betrayed in 1973, but even now their remains are being used to further enslave the peoples of Southeast Asia.

### MORE SUPPORT FOR PUBLIC HEALTH SOLUTIONS TO AIDS

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. DANNEMEYER. Mr. Speaker, it is always gratifying for this Member to read when responsible journalists and editorial boards endorse a public opinion approach to solving the AIDS epidemic rather than succumbing to the sophistries surrounding a civil rights approach. I commend the following editorials for your attention:

[From the Dallas Times Herald, Sept. 22, 1987]

#### REAGAN RIGHT ABOUT AIDS BILL

It's understandable that Congress would consider a ban on discrimination against AIDS sufferers and making the unauthorized disclosure of their identities a federal crime. The notion that people who may soon die must also endure intimidation and censure is repugnant.

But the Reagan administration is right to criticize the proposal as premature. It would deprive public health officials of important information, subject medical workers to unnecessary exposure to AIDS and grant carriers of a fatal, contagious disease exemptions not enjoyed by carriers of any other illness. The bill should be dropped.

There is no doubt public fear of AIDS has led to episodic discrimination and abuse against some AIDS victims. The refusal of a public school in Arcadia, Fla., to admit three children with AIDS and the subsequent burning of their home were appalling actions. Yet, it would be wrong to view this as a civil rights case, requiring the same types of legislative remedies accorded minorities two decades ago.

Dr. Otis Bowen, secretary of health and human services was correct in saying that if various state health officials find they have a problem with discrimination against AIDS victims, they "should be free to act accordingly. Other states and Congress will be able to observe and learn from the results."

AIDS is not a race or religion. It is a lethal, contagious disease which has infect-

ed about 41,700 Americans and killed 24,000 so far. As Dr. Bowen notes, most states already have laws prohibiting the unauthorized disclosure of medical information and requiring certain types of tests for public health reasons.

AIDS is a rapidly growing, national health problem about which too little is known. State and local health agencies, along with private and public hospitals and physicians, are in the forefront of the battle against this epidemic.

As the disease spreads, there are bound to be errors in judgment. They will have to be corrected at whatever level of government is appropriate. But Congress should let the process unfold rather than stepping in with the wrong federal law at the wrong time.

[From the Dallas Morning News, Oct. 16, 1987]

#### AIDS MUST BE TREATED AS HEALTH ISSUE

(By Jerry W. Chevalier)

The AIDS virus was first recognized in the United States in the late 1970s. It was first thought to occur only in homosexual men, hence the name that was first associated with it: GRID (gay-related immune deficiency). However, it is a heterosexual problem too.

This disease is associated with indiscriminate sexual activity (particularly anal intercourse) and the sharing of intravenous needles that is common among drug abusers. Acquired immune deficiency syndrome also can be transmitted by contaminated blood products and body fluids, blood transfusions, and from mother to fetus.

The projections from the U.S. Public Health Service show that the AIDS epidemic will be with us for at least another five years. It is estimated that there are 50 to 100 people infected with AIDS for every person diagnosed as having AIDS, and that by 1991, there will be 270,000 reported cases, 3,000 of which will involve infants and children. Right now, AIDS is the No. 1 killer of women ages 20-35 in New York City.

Society is searching for a way out of the terrible dilemma posed by this disease. The dilemma specifically is that policy-makers and citizens are faced with the difficult task of finding effective measures to contain a devastating epidemic that, in turn, does not violate the privacy of individuals and does not damage human lives and dignity. However, one must consider the other side of the story. There are hundreds of thousands of Americans infected and dying from this virus.

Society must keep in mind that people routinely are medically tested for a variety of diseases for obtaining insurance, marriage licenses, certain jobs, as hospital workups for diagnosis and for admission as immigrants to the United States. However, this has not been the case with AIDS. AIDS always has been the exception to the rule concerning fatal dangers to the public (immigrants, soldiers, and prisoners are now being tested).

Testing should be done on all individuals entering a hospital or health clinic as part of their routine workup. The act of testing all individuals would eliminate the stigma of testing "high-risk" or select groups of people. It also would decrease the cost of health care the individual, family or society has to incur by identifying what the individual has and not waiting until the person has a life-threatening opportunistic disease such as pneumocystis carini pneumonia, cryptococcal meningitis, toxoplasmosis or CMV, which is how AIDS is currently diagnosed.

The results of the HIV test should be made available to all health care workers who would have direct patient contact that



would or could cause exposure to blood or body fluids. All people who have had sex with that individual should be contacted and informed that they may have been infected with the HIV just as any other sexually transmitted disease is (contact tracing). Those individuals should then be tested and educated about what their options are. In addition, the person's place of employment should be informed if that individual's job lends itself to frequent or potential contact involving blood or body fluids such as the medical, dental and nursing fields.

From the time of AIDS' discovery, the whole emphasis has been that "the needs of the one out weigh the needs of the many." The constant flooding of information on how you cannot get AIDS and the supposed inaccurate tests are part of the problem. According to Wadley Blood Bank, the HIV test is 99.7 percent accurate. If the individual HIV test is positive, it will be repeated. If it is still positive, then a more accurate test is done, the Western Blot test, which is 100 percent accurate.

When new ways of transmission are discovered, they are downplayed by the media and public officials so as to not create panic or hysteria. For example, when some dentists and health care workers caught AIDS from their patients, it was downplayed because those people "had breaks in the skin" through which the virus entered or that the blood had prolonged contact on their skin. Breaks in the skin are not uncommon, and we do not know how long blood has to be in contact with your skin before you will be infected. Accidents happen every day; they are unavoidable and unpredictable.

Society has allowed a vocal, highly political minority to misappropriate AIDS as a moral issue, thus giving our government leaders an excuse to abdicate their responsibility. AIDS is a health issue, and should be treated as such.

There are laws before Congress now ensuring that the rights of the individual shall be inviolate, such as the law stating that insurance companies shall not discriminate against people who live in certain ZIP code districts or addresses, as they have in the past. There is also the patient confidentiality law that provides for confidentiality of the individual, but not to the extent that the confidentiality will endanger other lives.

We need laws to protect the rights of the individual against those who would take advantage, but you cannot treat a deadly problem by ignoring it.

Mandatory testing should not be done to ostracize those who carry the virus but to make them aware of precautions they need to take to protect themselves and others.

There are hundreds of thousands of people in this country carrying the virus and spreading it to others, often unknowingly. Like other dangerous and contagious diseases—which is how AIDS should be treated—we cannot control it if we do not know who is spreading it. A person who is HIV positive will not necessarily develop AIDS, but he can spread it to those who will; therefore, mandatory testing and careful dissemination of information as outlined should be instituted.

Jerry W. Chevalier is a registered nurse working at a metropolitan hospital and a candidate for a master of science degree in nursing at the University of Texas at Arlington. Jane Langdon, also an R.N. and a UTA graduate student, contributed to this article.

[From the Washington Post, Oct. 18, 1987]  
MAKE IT A CRIME TO SPREAD AIDS—COUNSELLING ISN'T ENOUGH FOR RECKLESS OR DELIBERATE INFECTORS

(By Douglas J. Besharov)

"I have AIDS," Kenny Grice told his friend Lorenzo Owens, three tragic words heard all too often these days. Owens was not sympathetic, though. The two men had just had sex. As Grice dressed, Owens got a knife from the kitchen and slit his lover's throat. Owens subsequently pled guilty to manslaughter.

Lost in the recent furor about AIDS testing is the question of the obligation of individuals who test positive to protect others from this life-taking disease. Until now, most experts have assured us that the education and counseling of victims will be enough to prevent dangerous behavior. Yet there is deeply troubling evidence that a small minority of AIDS victims either are intent on infecting others—or simply do not care enough to change their sexual practices.

Although most studies document a tremendous reduction in risky sexual behavior by homosexual men, most also show that knowledge of positive test results does not affect the sexual behavior of a small core of AIDS victims—they do not reduce the number of their sex partners or the number of times that they engage in unprotected anal intercourse.

In a Johns Hopkins study of 1,000 gay men, two years after being tested for AIDS, more than 15 percent still did not want to know the result. (Initially, more than 30 percent had not wanted to know.) In a Miami study, 16 of 28 AIDS patients continued to have unprotected sex for one to three years; 13 of their steady partners later tested positive. Studies in London and Paris show similarly disturbing behavior.

None of these studies involved a random sample of AIDS victims, but their message is clear: Positive test results do not prevent a small number of infected persons from recklessly exposing others to this dread disease.

Some might say that people assume the risk of contracting AIDS when they have unprotected sex with members of high-risk groups, such as gays and drug users. But consider this: In a recent study conducted by Adelphi University researchers, 80 percent of the wives of bisexual men did not know of their husbands' homosexual activity. This is a dangerous lack of information. In a study of 45 married couples with one spouse carrying the disease and the other having no other known risk factor, 26 spouses became infected.

Moreover, there is evidence that some confirmed AIDS carriers become even more reckless toward others. "The drug addicts who test seropositively really go wild, with lots of increased drug use and sexual acting-out behavior," according to Edith Springer, a New York City health counselor. And then, of course, there was a widely reported case of Joseph Edward Markowski, charged on June 29 in Los Angeles with attempted murder for selling his AIDS-contaminated blood and with assault with the intent to commit great bodily injury for acts of prostitution.

Educating and counseling AIDS carriers should certainly be the first and most important steps in trying to prevent such dangerous behavior. But it is denying reality to suppose that they will be enough. Cases like those described above call out for criminal prosecution.

Picturing AIDS victims as emaciated and near death, many will say that criminal prosecution would be heartless—and useless.

But most people who test positive are still healthy and may lead normal lives for years. For them, the prospect of criminal prosecution would not be an empty threat.

The San Antonio health department last year sent letters to 14 AIDS victims warning that further sexual activity would lead to felony charges under the state's Communicable Disease Prevention and Treatment Act. Unlike Texas, however, most states do not have laws that adequately cover the deliberate or reckless exposure of others to AIDS. Although many states have laws making the transmission of communicable diseases a crime, most of these laws are limited to specified diseases, such as syphilis, gonorrhea and even tuberculosis, but not AIDS.

Even when state penal laws do cover all communicable diseases, including AIDS, they usually require an actual "transmission" of the disease. Rarely can this be proven in AIDS cases. Despite some early concern about a high rate of false-positive results, the test is now considered very reliable, at least in regard to high-risk groups. A more serious legal problem is that the AIDS test only determines the presence of AIDS antibodies—that is, it only shows that someone has been exposed to the virus. It does not prove that someone has AIDS or AIDS-related complex (ARC). Nor are medical experts sure how many of those who test positive can spread the disease or how many will actually come down with the disease. (Most estimates range from 20 to 50 percent, but some go as high as 100 percent; no one really knows.)

Many states are now considering legislation to fill these gaps in their penal laws. Most proposals, unfortunately, are designed to meet special problems—or the most recent news story. Thus, a California bill would make donating blood after testing positive a felony punishable by six years in jail. Nevada—which has long had legalized prostitution—has passed a law providing 20-year jail sentences for prostitutes who continue to ply their trade after learning that they test positive. Such piecemeal legislation obscures the central issue. More generalized criminal legislation is needed.

States should make it a felony to expose others deliberately or recklessly to the AIDS virus—whether or not the disease is transmitted, and whether or not the victim tests positive for AIDS antibodies. Although exposing someone to the AIDS virus does not always result in an infection, doing so is analogous to speeding on a busy street or shooting into a crowded room. Whether or not someone is hurt, the act demonstrates a criminal disregard for the safety of others. Many venereal disease control statutes have long been structured this way. Florida and Idaho recently made it a crime to willfully or knowingly expose anyone to the AIDS virus.

Possible transmission through sexual contact requires special legislation because of the problems of consent. Many courts hold that, by engaging in sexual conduct, a person assumes the risk of becoming infected. But this need not be. As mentioned above, many states have along had statutes that make transmitting venereal diseases a crime. And, over the years, there have been numerous convictions for the intentional transmission of a communicable disease through sexual contact.

One legislative approach to deal with the consent problem in nonmarital situations, already passed in the New Jersey Assembly, makes it a felony for those who know that they had AIDS to "commit an act of sexual penetration." But such legislation is likely to raise strong opposition. In explaining his



objections to similar legislation, Thomas B. Stoddard, the New York Civil Liberties Union's legislative director, says that he fears that "the AIDS crisis will be used to recriminalize consensual sodomy statutes."

In any event, it is not necessary to go this far. Adequate protection for sexual partners can be achieved by simply making it a felony not to tell a sex partner about a positive AIDS test. Who could object to that?

We can have a compassionate response to AIDS victims without countenancing a small minority's antisocial behavior. Criminal penalties for deliberately exposing others to the AIDS virus will not eradicate this frightening dread disease, but they will certainly be a step toward containing its spread.

## SOUND ECOLOGY IS GOOD BUSINESS

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 28, 1987

Mr. SCHEUER. Mr. Speaker, I insert an excellent speech by Barber Conable, President of the World Bank, in today's RECORD:

### SOUND ECOLOGY IS GOOD BUSINESS

(An address by Barber B. Conable, President, the World Bank and International Finance Corp., to the World Resources Institute, May 5, 1987)

It is a honor to address members and supporters of the World Resources Institute.

The Institute is a global resource itself. Policymakers owe you a lasting debt of thanks for the research you pursue and the admirable balance with which you present it.

What I owe you on this occasion is a report on the World Bank's actions, plans and progress in matching our fight against global poverty with our commitment to environmental protection.

The two goals are not just consistent. They are interdependent. Sustained development depends on managing resources, not exhausting them.

Economic growth based on any other premise is a costly illusion. What is wasted or poisoned today leaves that much less to nourish the world tomorrow.

"Environmental neglect," as I said to the Governors of the World Bank seven months ago, "destroys assets vital not just to the quality of life but to life itself." Environmental planning, I would add tonight, can make the most of nature's resources so that human resourcefulness can make the most of the future.

I share the optimism of the recently released report of the World Commission on Environment and Development. With its members I, too, "see . . . the possibility for a new era of economic growth . . . based on policies that sustain and expand the environmental resource base."

My optimism, like theirs, is tempered by caution.

In environmental affairs, as in many others, science has outdistanced government. Yet many of the problems the world has come to recognize as urgent are still beyond man's technical, as well as political, capacities.

We know that we must stop the advance of the deserts. We do not yet know how.

We know that population control is essential to environmental protection. But, for all the progress of past decades in family health and planning, population growth in

many of the poorest lands continues to outrun resources.

We know that we must save the tropical rain forests. But neither developing nations nor international institutions have adequate alternatives for hungry people in search of food, and the land to grow it on. And researchers are only beginning to discover the potential of the forests to support settled and wildlife together.

Most broadly, we know of the planet-wide threat to the basic resources of air and water on which the survival of earth depends. But common effort to save the global commons requires a degree of institutional coordination and a measure of sustained political resolve that man applies more readily in destroying than in preserving life.

In measuring the influence of the World Bank against the environmental challenge, I see how long a road there is to travel from awakened environmental consciousness to effective environmental action.

The Bank has long been at the forefront of that march. Ours was the first international lending institution to set explicit policies on limiting any harmful environmental consequences of development projects it supported. In the early 1970s, for example, a Bank-financed iron ore terminal was built on a Brazilian beach under strict safeguards against pollution and with real respect for the site's natural beauty.

Inevitably, the Bank has also stumbled. For instance, a more recent Brazilian project, known as Polonoreste, was a sobering example of an environmentally sound effort which went wrong.

The Bank misread the human, institutional and physical realities of the jungle and the frontier.

A road which benefited small farmers also became a highway for logging companies.

Protective measures to shelter fragile land and tribal people were carefully planned. They were not, however, executed with enough vigor.

In some cases, the dynamics of the frontier got out of control.

Polonoreste teaches many lessons. A basic truth is that ambitious environmental design requires realistic analysis of the enforcement mechanisms in place and in prospect.

When mistakes associated with the Polonoreste project became obvious in early 1985, the Bank interrupted payments as a way to encourage important corrective measures. We learned not that we should avoid projects with environmental implications, but rather that where institutional safeguards are weak, the Bank must be a positive force to strengthen them.

Brazil has now made progress in building safeguards for environmental protection. And the Bank is anxious to support Brazil's government in pursuing a National Environmental Program that can become a model for other nations.

For a second basic truth is that development cannot be halted, only directed. And the Bank cannot influence progress from the sidelines. It must be part of the action.

With the developing nations, we must go on learning by doing. If the World Bank has been part of the problem in the past, it can and will be a strong force in finding solutions for the future.

"Nothing so needs reforming," Mark Twain observed, "as other people's habits." The Bank will begin by reforming its own.

First, we are creating a top-level Environment Department to help set the direction of Bank policy, planning and research work. It will take the lead in developing strategies to integrate environmental considerations into our overall lending and policy activities.

At the same time, new offices in each of the four regional technical departments will take on a dual role. They will function both as environmental watchdogs over Bank-supported projects, and as scouts and advocates for promising advances in resource management. In this process, they will routinely consult with environmental officials in developing countries, and will work to strengthen local institutions. The establishment of these offices will increase significantly the number of staff directly involved in environmental programs.

Those organizational changes do not just add layers of interference to head off errors of commission. The added staff will also help define policy and develop initiatives to promote growth and environmental protection together. They will work to ensure that environmental awareness is integral to all the Bank's activities.

Environmental action adds a new dimension to the fight against global poverty. It recognizes that sound ecology is good economics. Indeed the objectives of sustainable economic growth, poverty alleviation and environmental protection are often mutually reinforcing.

Population pressure, pushing farmers onto increasingly marginal land, is a major cause of ecological problems in many countries, particularly the poorer ones. Curbing population growth is essential for sustainable economic growth; otherwise it will not be possible to introduce policies and programs that steer farmers to the best land, that induce the production of crops which strengthen the soil and stem erosion, that bring livestock to graze where pasture is rich, and that educate city and country dwellers alike to respect and safeguard the balance of nature.

The World Bank is a force for development and will remain so. We will continue to support major investments in energy and infrastructure, in industrialization and irrigation.

Our role in such projects, however, will include greater sensitivity to their long-term environmental effects. And we will put new emphasis both on correcting economic policy incentives that promote environmental abuse, and on stimulating the small-scale activities that can combat human and environmental deprivation.

Not only will we strengthen the Bank's longstanding policy of scrutinizing development projects for their environmental impact and withholding support for those where safeguards are inadequate, but we will also institutionalize an approach to natural resource management that puts a premium on conservation.

As part of these philosophical and institutional changes, I propose to allocate new resources to a number of new environmental initiatives.

In partnership with member countries and with the rest of the development community, we will begin with an urgent, country-by-country assessment of the most severely threatened environments in developing nations.

We will promote a country-wide initiative against the advance of the desert and the destruction of forests in Africa.

We will contribute to a global program to support tropical forest conservation.

And we will participate in a cooperative effort by the nations of the Mediterranean and other international agencies to prepare a long-term campaign to protect that sea and its coasts.

As recent events have demonstrated, environmental protection is a subject which warrants increased efforts in industrialized as well as in developing countries. But



progress is especially hard to achieve in the developing world.

So many other priorities demand simultaneous attention. So few skilled personnel are available. And so much must be done to build the institutional capacity to handle complex environmental issues.

Acknowledging those realities, the World Bank also acknowledges its special responsibilities in helping developing nations shape their growth. As an advisor, a source of intellectual as well as a financial support, the Bank must be responsive and innovative. And as a lender, it must exert new and persuasive influence to integrate better management of natural resources into development planning and investment.

Fortunately, we are far from alone. The Bank can profit from and contribute to the valuable work of our member nations, the expert and dedicated efforts of non-governmental organizations and the wide, continuing experience of other international agencies such as the United Nations Environment Program.

We must start, however, with better knowledge of the problems and the opportunities we face.

To gain that understanding, the Bank will use our added staff resources in a collaborative effort to assess environmental threats in the 30 most vulnerable developing nations. That five-year process will involve not just study but education, and not just in the Bank but also with responsible developing country policymakers.

Our goal will be to develop a new appreciation of the forces at work against environmental balance. Our objective is a sort of natural resources balance sheet, a coherent planning instrument for better management.

I believe we can make ecology and economics mutually reinforcing disciplines. By looking closely at market forces and broadly at all key sectors of development activity, we can identify both the effective and perverse factors shaping and misshaping the environment.

I am not proposing make-work research. What I seek from data—much of which is already on hand—is a composite inventory of environmental assets and liabilities.

With such a planning instrument, we could move toward establishing the value of those priceless resources—topsoil and grass cover, water and drainage, human skills and traditional lifestyles—we too often treat as worthless.

Let us show in economic and environmental terms what subsidies to pesticide producers and timber cutters and livestock growers actually cost in ruining the land and driving families from it.

Let us weigh the real price of wilderness resettlement against the expense of health and family planning clinics, of agricultural extension services, new crops and new farming techniques.

Let us hold pricing policies and currency values up to the light of environmental analysis to see if and how they encourage over-exploitation of natural resources.

And let us acknowledge that, while we must exercise increasing care with large-scale development projects, small is not necessarily beautiful. It is time we recognize that individual practices driven by poverty and ignorance and unexamined economic policies have cumulative effects that are just as environmentally destructive as any badly planned wilderness road or hydroelectric project.

We must reshape not just the Bank's outlook and activities but also the customs and ingrained attitudes of hundreds of millions of individuals and of their leaders. In doing so we must remember another piece of

Mark Twain's wisdom: "Habit is habit, and not to be flung out of the window, but coaxed downstairs at step at a time."

Our environmental assessment surveys will move us one big step forward. They will assemble the knowledge we need to move further and faster toward environmental rationality in our leading programs.

In Africa, while country assessments proceed, the Bank will also lay the ground for action that crosses national boundaries and tackles regional environmental dangers.

Africa's needs are critical. Over the last 15 years, despite the best efforts of African governments and the international community, per capita income and per capita food production in most of sub-Saharan Africa have declined. At the same time and in the same areas, deserts have spread, forests have dwindled, soil has washed away.

With population projected to rise from 380 million to 690 million in the last two decades of the century, the pressures of urbanization, fuelwood consumption and slash-and-burn farming are stripping West Africa alone of 3.6 million hectares of forest a year. Continued over three years, that tempo of deforestation would denude an area the size of Greece; over ten years, the Ivory Coast.

The rate of forest loss in five West African nations is seven times the world average, and desertification in just one country—Mali—has drawn the Sahara 350 kilometers farther south in the last 20 years. The Congo River carries an average of 65 million metric tons of soil into the ocean each year.

Against these natural and man-made forces, I believe we must mount an international environmental rescue and development effort in sub-Saharan Africa. I will ask World Bank staff experts to draw up a special program of technical studies to identify and assess urgent, promising environmental protection projects, regional, not just national, in their sweep.

Environmental threats do not respect political lines of demarcation. Environmental solutions must generate political and technical responses as broad as the challenge.

Our work should point the way for action by donor and recipient nations and non-governmental organizations. The latter have a particularly important role to play, in that problems of deforestation and natural resource degradation are development problems and can best be solved with the active participation of people at the grassroots level. Our common priority should be coordinated intervention against the spread of deserts and for the conservation of forest resources.

We must be bold in both the scope of our enterprise and in testing untried ideas. Unless we reach beyond today's limits and doubts, we cannot truly measure our capacity for progress.

Tropical forests in Africa, Asia and Latin America also demand priority attention. Tropical deforestation is not only a major environmental problem, it is a critical development problem as well. Deforestation is leading to widespread degradation of the natural resource base, undermining the capacity of the environment to support developing country economies and populations.

The World Bank is the world's largest single source of financing for tropical forest conservation and development. Over the past decade World Bank investments and technical assistance grants in forestry have exceeded one billion dollars. We are ready to do more.

The Bank intends to more than double its annual level of funding for environmentally sound forestry projects from \$138 million this year to \$350 million in fiscal 1989. At

the July meeting in Bellagio, Italy sponsored jointly by your Institute, the Rockefeller Foundation, FAO, UNDP and the Bank, we will propose specific strategies for expanding priority work in forest management and reforestation.

Our Tropical Forestry Action Plan is a direct outgrowth of the World Resources Institute's excellent 1985 report, "Tropical Forests: A Call for Action." That study called for a doubling of forestry investments over the next five years. It redefined the challenge of conservation by making it clear—in cost-benefit terms—how deforestation impoverishes both man and nature. It also recognized that simply providing more funding for forestry is not enough; increased investment in forestry must be accompanied by policy measures designed to ensure sustainability.

We are improving our understanding of the connection between the loss of tree cover in upland watersheds and flood damage downstream, between fuelwood scarcity and fertilizer shortages and between the annual destruction of 11 million hectares of tropical rain forest and the loss of plant and animal species of great, potential genetic benefit to mankind.

We are becoming increasingly able to define investment programs to correct past mistakes and prevent new ones.

We can mobilize resources for agroforestry and sustainable farming systems based on it.

We can help nations determine the wooded areas to protect and those to use more intensively.

We can help train foresters and farmers in new techniques of tree breeding, in the cultivation of medicinal plants and the conservation of wildlands.

We are, in short, better aware of the gravity of the global danger, better equipped to address it. Now we must be prepared to mobilize resources to combat deforestation on a global scale.

Lastly, in the Mediterranean region, the Bank stands ready to assist in an intensified international effort to protect the heritage of beauty and natural resources that 18 nations and some 400 million people hold in common.

The governments of the Mediterranean states have long recognized the danger of pollution to public health and to fishing and tourism industries. The World Bank, the European Investment Bank and Regional Development Fund, the United Nations Environment Program, with many other agencies, have been active in providing financial and technical help to alleviate this problem.

Now we are exploring together the possibility of designing a broad, international project to improve the Mediterranean environment and strengthen it with a long-term preservation plan. It is an ambitious political as well as technical undertaking, involving many separate governments and technical support agencies.

The World Bank is well placed to help coordinate their effort. And if, with our assistance, the peoples of the Mediterranean can make progress in managing the great resource they share, they can set an example to the whole world of cooperation in protecting the global commons.

I have given you only an introduction to the World Bank's environmental action agenda. Events, not speeches, will test its sweep and its impact. But I cannot end these remarks without a note of combined caution and exhortation.

While there is much we can do, no one knows better than I do the actual limits of the Bank's influence on the policies and



practices of the developed and developing nations. No one knows better than you do the power of informed and aroused public opinion to command and redirect the attention of decision makers.

The World Bank needs the help of environmental activists in every nation, in those where organized groups have already

proven their effectiveness and in those where consciousness is only now dawning.

We need your advice, your expertise, your pressure and your imagination to make the urgent work of environmental protection a coordinated campaign for a safer, richer, healthier world.

As ours is a common cause—the battle against global poverty is also the fight for a sustainable environment—let us be allies for progress on every front. There is a long campaign ahead. We cannot accept anything less than victory.

Thank you.



## 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.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, October 29, 1987, may be found in the Daily Digest of today's RECORD.

## MEETINGS SCHEDULED

## OCTOBER 30

- 9:30 a.m.  
Armed Services  
Strategic Forces and Nuclear Deterrence Subcommittee  
To resume hearings on Title I provisions of S. 1085, Nuclear Protections and Safety Act of 1987, focusing on defense nuclear safety matters. SR-222
- Commerce, Science, and Transportation  
Aviation Subcommittee  
To hold oversight hearings on activities of the Federal Aviation Administration and the Military Airlift Command to ensure the safe operation of flights carrying military personnel. SR-253
- Joint Economic  
To hold oversight hearings on long term costs of U.S. trade deficits and the U.S. foreign debt. SD-628
- 10:00 a.m.  
Finance  
Health Subcommittee  
To hold hearings to examine the affects of the current nursing shortage on health care. SD-215
- Foreign Relations  
International Economic Policy, Trade, Oceans and Environment Subcommittee  
To hold joint hearings with the Subcommittee on Terrorism, Narcotics and International Operations to review the Overseas Private Investment Corporation's (OPIC) lending practices and the Mideast pipeline proposal. SD-419
- 10:30 a.m.  
Agriculture, Nutrition, and Forestry  
Agricultural Credit Subcommittee  
Business meeting, to resume mark up of S. 1665, Farm Credit Act of 1987. SR-332

## NOVEMBER 2

- 10:00 a.m.  
Special on Aging  
To hold hearings on the proposed Medicare Part B premium increase. SD-628

## NOVEMBER 3

- 9:30 a.m.  
Armed Services  
Conventional Forces and Alliance Defense Subcommittee  
To hold hearings on conventional arms control in Europe. SR-222
- Energy and Natural Resources  
Closed briefing on the U.S.-Canada Free Trade Agreement and its potential effects on energy and natural resources industries. SD-366
- 10:00 a.m.  
Judiciary  
To hold hearings on pending nominations. SD-226
- 2:00 p.m.  
Energy and Natural Resources  
Public Lands, National Parks and Forests Subcommittee  
To hold hearings on S. 708, to require annual appropriations of funds to support timber management and resource conservation on the Tongass National Forest, Alaska. SD-366

## NOVEMBER 4

- 9:30 a.m.  
Energy and Natural Resources  
Business meeting, to consider pending calendar business. SD-366
- 10:00 a.m.  
Agriculture, Nutrition, and Forestry  
To hold joint hearings with the Committee on the Judiciary's Subcommittee on Technology and the Law on the use and regulation of biotechnology in agriculture. SR-332
- Commerce, Science, and Transportation  
To resume hearings on safety and regulation of the airline industry. SR-253
- Environment and Public Works  
Water Resources, Transportation, and Infrastructure Subcommittee  
To resume hearings to review infrastructure issues. SD-406

## NOVEMBER 5

- 9:30 a.m.  
Energy and Natural Resources  
Business meeting, to consider pending calendar business. SD-366
- Joint Economic  
To hold hearings to evaluate the prospects for U.S. exports and imports. SD-628
- 10:00 a.m.  
Banking, Housing, and Urban Affairs  
To hold hearings to review recent developments in the securities markets. SD-538
- 2:00 p.m.  
Energy and Natural Resources  
Public Lands, National Parks and Forests Subcommittee  
To resume hearings on S. 708, to require annual appropriations of funds to support timber management and resource

conservation on the Tongass National Forest, Alaska. SD-366

Select on Indian Affairs  
To hold oversight hearings on the implementation of Title IV, Part C of the Omnibus Drug Act (P.L. 99-570), and to hold hearings on S. 1684, to settle Seminole Indian land claims in Florida. SR-485

3:15 p.m.  
Banking, Housing, and Urban Affairs  
Consumer Affairs Subcommittee  
To hold oversight hearings on the ability of consumers to plan their financial affairs. SD-538

## NOVEMBER 6

9:30 a.m.  
Finance  
Taxation and Debt Management Subcommittee  
To hold hearings on S. 639 and S. 1099, bills to empower states to require out-of-state vendors to collect state sales and use taxes. SD-215

## NOVEMBER 9

9:30 a.m.  
Energy and Natural Resources  
To hold hearings on the greenhouse effect and global climate change. SD-366

## NOVEMBER 10

- 9:00 a.m.  
Select on Indian Affairs  
To hold oversight hearings on implementation of the Indian Child Welfare Act (P.L. 95-608). SR-485
- 9:30 a.m.  
Energy and Natural Resources  
To continue hearings on the greenhouse effect and global climate change. SD-366
- 10:00 a.m.  
Agriculture, Nutrition, and Forestry  
To resume joint hearings with the Committee on Judiciary's Subcommittee on Technology and the Law on the use and regulation of biotechnology in agriculture. SR-332
- 10:30 a.m.  
Judiciary  
Patents, Copyrights and Trademarks Subcommittee  
To hold hearings on S. 698, Syndicated Television Music Copyright Reform Act of 1987. SD-226

## NOVEMBER 12

- 9:00 a.m.  
Commerce, Science, and Transportation  
Communication Subcommittee  
To hold oversight hearings on the public broadcast system. SR-253
- 10:00 a.m.  
Foreign Relations  
To hold hearings to reexamine the War Powers Resolution with a view to possibly revising the law. SD-419
- 1:00 p.m.  
Select on Indian Affairs  
To hold hearings on S. 1722, to establish the National Museum of the American Indian, Heye Foundation within the Smithsonian Institution, and to establish a memorial to the American



Indian, and S. 1723, to establish certain regional exhibition facilities as part of the National Museum of the American Indian.

SR-301

## NOVEMBER 13

9:30 a.m.

Commerce, Science, and Transportation Surface Transportation Subcommittee  
To hold hearings to review the activities of transportation property brokers.

SR-253

## NOVEMBER 16

2:00 p.m.

Select on Indian Affairs

To resume hearings on S. 1722, to establish the National Museum of the American Indian, Heye Foundation within the Smithsonian Institution, and to establish a memorial to the American Indian, and S. 1723, to establish certain regional exhibition facilities as part of the National Museum of the American Indian.

SR-301

## NOVEMBER 17

9:00 a.m.

Rules and Administration

Business meeting, to consider pending legislative and administrative business.

SR-301

## NOVEMBER 18

10:00 a.m.

Commerce, Science, and Transportation  
To resume hearings on safety and re-regulation of the airline industry.

SR-253

## NOVEMBER 19

9:30 a.m.

Commerce, Science, and Transportation

Business meeting, to consider pending calendar business.

SR-253

2:00 p.m.

Select on Indian Affairs

To hold oversight hearings to review Federal agency actions related to the implementation of the Department of the Interior's Garrison Unit Joint Tribal Advisory Committee final report recommendations, and on proposed legislation to implement the report recommendations.

SR-485

## DECEMBER 2

9:00 a.m.

Select on Indian Affairs

To hold hearings on S. Con. Res. 76, to acknowledge the contribution of the Iroquois Confederacy of Nations to the development of the United States Constitution and to reaffirm the continuing government-to-government relationship between Indian tribes and the United States established in the Constitution.

SR-485

## DECEMBER 3

9:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1236, authorizing funds for certain programs of the Navajo-Hopi Relocation program.

SR-485

## CANCELLATIONS

## OCTOBER 29

9:30 a.m.

Commerce, Science, and Transportation  
Business meeting, to consider pending calendar business.

SR-253

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

## NOVEMBER 5

9:30 a.m.

Commerce, Science, and Transportation  
Aviation Subcommittee

To hold oversight hearings on activities of the Federal Aviation Administration, Department of Transportation.

SR-253

3:00 p.m.

Conferees

On the education provisions of H.R. 3, Omnibus Trade and Competitiveness Act of 1987.

SD-430

## NOVEMBER 10

9:30 a.m.

Commerce, Science, and Transportation  
Aviation Subcommittee

To resume hearings on S. 1600, to create an independent Federal Aviation Administration.

SR-253

## NOVEMBER 12

9:30 a.m.

Commerce, Science, and Transportation  
Aviation Subcommittee

To resume hearings on S. 1600, to create an independent Federal Aviation Administration.

SR-253



# CONGRESSIONAL RECORD

## STANDING COMMITTEES OF THE HOUSE

### Committee on Agriculture

Messrs. de la Garza (chairman), Jones of North Carolina, Jones of Tennessee, Brown of California, Rose, English, Panetta, Hucksby, Glickman, Coelho, Stenholm, Volkmer, Hatcher, Tallon, Staggers, Evans, Olin, Penny, Stallings, Nagle, Jontz, Johnson of South Dakota, Harris, Campbell, Espy, Madigan, Jeffords, Coleman of Missouri, Marlenee, Hopkins, Stangeland, Roberts, Emerson, Morrison of Washington, Gunderson, Lewis of Florida, Robert F. Smith, Combest, Schuette, Grandy, Herger, and Holloway.

### Committee on Appropriations

Messrs. Whitten (chairman), Boland, Natcher, Smith of Iowa, Yates, Obey, Roybal, Stokes, Bevil, Chappell, Alexander, Murtha, Traxler, Early, Wilson, Mrs. Boggess, Messrs. Dicks, McHugh, Lehman of Florida, Sabo, Dixon, Fazio, Hefner, AuCoin, Akaka, Watkins, Gray of Pennsylvania, Dwyer of New Jersey, Hoyer, Carr, Mr. Zerk, Durbin, Coleman of Texas, Mollohan, Thomas of Georgia, Conte, McDade, Myers of Indiana, Miller of Ohio, Coughlin, Young of Florida, Kemp, Regula, Mrs. Smith of Nebraska, Messrs. Pursell, Edwards of Oklahoma, Livingston, Green, Lewis of California, Porter, Rogers, Skeen, Wolf, Lowery of California, Weber, DeLay, and Kolbe.

### Committee on Armed Services

Messrs. Aspin (chairman), Price of Illinois, Bennett, Stratton, Nichols, Daniel, Montgomery, Delums, Mmes. Schroeder, Byron, Messrs. Mavroules, Hutto, Skelton, Leath of Texas, McCurdy, Foglietta, Dyson, Hertel, Mrs. Lloyd, Messrs. Sisisky, Ray, Spratt, McCloskey, Ortiz, Darden, Robinson, Bustamante, Mrs. Boxer, Messrs. Hochbrueckner, Brennan, Pickett, Dickinson, Spence, Badham, Stump, Courter, Hopkins, Davis of Michigan, Hunter, Martin of New York, Kasich, Mrs. Martin of Illinois, Messrs. Bateman, Sweeney, Blaz, Ireland, Hansen, Rowland of Connecticut, Weldon, Kyl, Ravenel, and Davis of Illinois.

### Committee on Banking, Finance and Urban Affairs

Messrs. St. Germain (chairman), Gonzalez, Annunzio, Fauntroy, Neal, Hubbard, LaFalce, Ms. Oaker, Messrs. Vento, Barnard, Garcia, Schumer, Frank, Roemer, Lehman of California, Morrison of Connecticut, Ms. Kaptur, Messrs. Erdreich, Carper, Torres, Klezka, Nelson of Florida, Kanjorski, Manton, Mrs. Peterson, Messrs. McMillen of Maryland, Kennedy, Flake, Mfume, Price of North Carolina, Ms. Pelosi, Messrs. Wylie, Leach of Iowa, Shumway, Parris, McCollum, Wortley, Mrs. Rukema, Messrs. Bereuter, Dreier of California, Hiler, Ridge, Bartlett, Roth, McCandless, McMillan of North Carolina, Saxton, Swindall, Mrs. Saiki, Messrs. Bunning, and DioGuardi.

### Committee on the Budget

Messrs. Gray of Pennsylvania (chairman), Foley, Lowry of Washington, Derrick, Miller of California, Williams, Wolpe, Frost, Fazio, Russo, Jenkins, Leath of Texas, Schumer, Mrs. Boxer, Messrs. MacKay, Slattery, Atkins, Oberstar, Guarini, Durbin, Espy, Latta, Gradiison, Mack, Goodling, Denny Smith, Boulter, Edwards of Oklahoma, Thomas of California, Rogers, Sundquist, Mrs. Johnson of Connecticut, Messrs. Arney, Buechner, and Houghton.

### Committee on the District of Columbia

Messrs. Dellums (chairman), Fauntroy, Mazzoli, Stark, Gray of Pennsylvania, Dymally, Wheat, Morrison of Connecticut, Farris, Billey, Combest, and Mrs. Martin of Illinois.

### Committee on Education and Labor

Messrs. Hawkins (chairman), Ford of Michigan, Gaydos, Clay, Biaggi, Murphy, Kildee, Williams, Martinez, Owens of New York, Hayes of Illinois, Perkins, Sawyer, Solarz, Wise, Penny, Richardson, Robinson, Visclosky, Atkins, Jontz, Jeffords, Goodling, Coleman of Missouri, Petri, Mrs. Roukema, Messrs. Gunderson, Bartlett, Tauke, Arney, Fawell, Henry, Grandy, and Ballenger.

### Committee on Energy and Commerce

Messrs. Dingell (chairman), Scheuer, Waxman, Sharp, Florio, Markey, Thomas A. Luken, Walgren, Swift, Leland, Mrs. Collins, Messrs. Synar, Tauzin, Wyden, Hall of Texas, Eckart, Dowdy of Mississippi, Richardson, Slattery, Sikorski, Bryant, Bates, Boucher, Cooper, Bruce, Lent, Madigan, Moorhead, Rinaldo, Darnemeyer, Whittaker, Tauke, Ritter, Coats, Billey, Fields, Oxley, Nelson of Utah, Billrakis, Schaefer, Barton of Texas, and Callahan.

### Committee on Foreign Affairs

Messrs. Pascall (chairman), Hamilton, Yatron, Solarz, Bonker, Studds, Mica, Wolpe, Crockett, Gejdenson, Dymally, Lantos, Kostmayer, Torricelli, Smith of Florida, Berman, Levine of California, Feighan, Weiss, Ackerman, Udall, Atkins, Clarke, Fuster, Bilbray, Owens of Utah, Sunia, Broomfield, Gilman, Lagomarsino, Leach of Iowa, Roth, Ms. Snowe, Messrs. Hyde, Solomon, Bereuter, Dornan of California, Smith of New Jersey, Mack, DeWine, Burton of Indiana, Mrs. Meyers of Kansas, Messrs. Miller of Washington, Donald E. "Buz" Lukens, and Blaz.

### Committee on Government Operations

Messrs. Brooks (chairman), Conyers, Mrs. Collins, Messrs. English, Waxman, Weiss, Synar, Neal, Barnard, Frank, Lantos, Wise, Owens of New York, Towns, Spratt, Kolter, Erdreich, Klezka, Bustamante, Martinez, Sawyer, Ms. Slaughter of New York, Messrs. Grant, Ms. Pelosi, Messrs. Horton, Walker, Clinger, McCandless, Craig, Nielson of Utah, DioGuardi, Lightfoot, Boulter, Donald E. "Buz" Lukens, Houghton, Hastert, Kyl, Konnyu, and Inhofe.

### Committee on House Administration

Messrs. Annunzio (chairman), Gaydos, Jones of Tennessee, Rose, Panetta, Swift, Ms. Oaker, Messrs. Coelho, Bates, Clay, Gejdenson, Kolter, Frenzel, Dickinson, Badham, Gingrich, Thomas of California, Mrs. Vucanovich, and Mr. Roberts.

### Committee on Interior and Insular Affairs

Messrs. Udall (chairman), Miller of California, Sharp, Markey, Murphy, Rahall, Vento, Hucksby, Kildee, Coelho, Mrs. Byron, Messrs. de Lugo, Gejdenson, Kostmayer, Lehman of California, Richardson, Sunia, Darden, Visclosky, Fuster, Levine of California, Clarke, Owens of Utah, Lewis of Georgia, Campbell, DeFazio, Young of Alaska, Lujan, Lagomarsino, Marlenee, Cheney, Pashayan, Craig, Denny Smith, Hansen, Emerson, Mrs. Vucanovich, Messrs. Blaz, Rhodes, Gallegly, and Baker.

### Committee on the Judiciary

Messrs. Rodino (chairman), Brooks, Kastanmeyer, Edwards of California, Conyers, Mazzoli, Hughes, Synar, Mrs. Schroeder, Messrs. Glickman, Frank, Crockett, Schumer, Morrison of Connecticut, Feighan, Smith of Florida, Berman, Boucher, Staggers, Bryant, Cardin, Fish, Moorhead, Hyde, Lungren, Sensenbrenner, McCollum, Shaw, Gekas, DeWine, Darnemeyer, Swindall, Coble, Slaughter of Virginia, and Smith of Texas.

### Committee on Merchant Marine and Fisheries

Messrs. Jones of North Carolina (chairman), Biaggi, Anderson, Studds, Hubbard, Bonker, Hughes, Lowry of Washington, Hutto, Tauzin, Foglietta, Hertel of Michigan, Dyson, Lipinski, Borski, Carper, Bosco, Tallon, Ortiz, Bennett, Manton, Pickett, Brennan, Hochbrueckner, —, Davis of Michigan, Young of Alaska, Lent, Shumway, Fields, Miss Schneider, Messrs. Bateman, Saxton, Miller of Washington, Mrs. Bentley, Messrs. Coble, Sweeney, DioGuardi, Weldon, Mrs. Saiki, Messrs. Herger, and Bunning.

### Committee on Post Office and Civil Service

Messrs. Ford of Michigan (chairman), Clay, Mrs. Schroeder, Messrs. Solarz, Garcia, Leland, Yatron, Ms. Oaker, Messrs. Sikorski, McCloskey, Ackerman, Dymally, Udall, de Lugo, Taylor, Gilman, Pashayan, Horton, Myers of Indiana, Young of Alaska, Burton of Indiana, and Mrs. Morella.

### Committee on Public Works and Transportation

Messrs. Howard (chairman), Anderson, Roe, Mineta, Oberstar, Nowak, Rahall, Applegate, de Lugo, Savage, Sunia, Bosco, Borski, Kolter, Valentine, Towns, Lipinski, Rowland of Georgia, Wise, Gray of Illinois, Visclosky, Traficant, Chapman, Lancaster, Ms. Slaughter of New York, Messrs. Lewis of Georgia, DeFazio, Cardin, Grant, Skaggs, Hayes of Louisiana, Perkins, Hammerschmidt, Shuster, Stangeland, Gingrich, Clinger, Molinari, Shaw, McEwen, Petri, Sundquist, Mrs. Johnson of Connecticut, Messrs. Packard, Boehlert, Gallo, Mrs. Bentley, Messrs. Lightfoot, Hastert, Inhofe, Balenger, and Upton.

### Committee on Rules

Messrs. Pepper (chairman), Moakley, Derrick, Beilenson, Frost, Bonior of Michigan, Hall of Ohio, Wheat, Gordon, Quillen, Latta, Lott, and Taylor.

### Committee on Science, Space, and Technology

Messrs. Roe (chairman), Brown of California, Scheuer, Mrs. Lloyd, Messrs. Walgren, Glickman, Volkmer, Nelson of Florida, Hall of Texas, McCurdy, Mineta, MacKay, Valentine, Torricelli, Boucher, Bruce, Stallings, Traficant, Chapman, Hamilton, Nowak, Perkins, McMillen of Maryland, Price of North Carolina, Nagle, Hayes of Louisiana, Skaggs, Lujan, Walker, Sensenbrenner, Miss Schneider, Messrs. Boehlert, Lewis of Florida, Ritter, Morrison of Washington, Packard, Smith of New Hampshire, Henry, Fawell, Slaughter of Virginia, Smith of Texas, Konnyu, Buechner, Hefley, and Mrs. Morella.

### Committee on Small Business

Messrs. LaFalce (chairman), Smith of Iowa, Gonzalez, Thomas A. Luken, Skelton, Mazzoli, Mavroules, Wyden, Eckart, Savage, Roemer, Sisisky, Torres, Cooper, Olin, Ray, Hayes of Illinois, Conyers, Bilbray, Mfume, Flake, Lancaster, Campbell, DeFazio, Price of North Carolina, Martinez, McDade, Conte, Broomfield, Ireland, Hiler, Dreier of California, Slaughter of Virginia, Mrs. Meyers of Kansas, Messrs. Gallo, McMillan of North Carolina, Combest, Baker, Rhodes, Hefley, Upton, Gallegly, and Holloway.

### Committee on Standards of Official Conduct

Messrs. Dixon (chairman), Fazio, Dwyer of New Jersey, Mollohan, Gaydos, Atkins, Spence, Myers of Indiana, Hansen, Pashayan, Petri, and Craig.

### Committee on Veterans' Affairs

Messrs. Montgomery (chairman), Edwards of California, Applegate, Mica, Dowdy of Mississippi, Evans, Ms. Kaptur, Messrs. Penny, Staggers, Rowland of Georgia, Bryant, Florio, Gray of Illinois, Kanjorski, Robinson, Stenholm, Harris, Kennedy, Mrs. Patterson, Messrs. Johnson of South Dakota, Jontz, Solomon, Hammerschmidt, Wylie, Stump, McEwen, Smith of New Jersey, Burton of Indiana, Billrakis, Ridge, Rowland of Connecticut, Dornan of California, Smith of New Hampshire, and Davis of Illinois.

### Committee on Ways and Means

Messrs. Rostenkowski (chairman), Gibbons, Pickle, Rangel, Stark, Jacobs, Ford of Tennessee, Jenkins, Gephardt, Downey of New York, Guarini, Russo, Pease, Matsui, Anthony, Filippo, Dorgan of North Dakota, Mrs. Kennedy, Messrs. Donnelly, Coyne, Andrews, Levin of Michigan, Moody, Duncan, Archer, Vander Jagt, Crane, Frenzel, Schulze, Gradison, Thomas of California, McGrath, Daub, Gregg, Brown of Colorado, and Chandler.

## UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

Washington, DC 20001, Phone 535-3300

Spottswood W. Robinson III, Chief Judge

### Circuit Judges

J. Skelly Wright	Robert H. Bork
Patricia M. Wald	Kenneth W. Starr
Abner J. Mikva	Laurence H. Silberman
Harry T. Edwards	James L. Buckley
Ruth Bader Ginsburg	

### Senior Circuit Judges

David L. Bazelon	George E. MacKinnon
Carl McGowan	

## UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

National Courts Building, 717 Madison Place NW., Washington, DC 20439, Phone 633-6550

Howard T. Markey, Chief Judge

### Circuit Judges

Daniel M. Friedman	Helen W. Nies
Giles S. Rich	Pauline Newman
Oscar H. Davis	Jean Galloway Bissell
Phillip B. Baldwin	Glenn L. Archer, Jr.
Edward S. Smith	

### Senior Circuit Judges

Don L. Laramore	Philip Nichols, Jr.
Wilson Cowen	Jack R. Miller
Byron G. Skelton	Marion T. Bennett

## UNITED STATES DISTRICT JUDGES

### District of Columbia

Washington, DC 20001, Phone 535-3515

Aubrey E. Robinson, Jr., Chief Judge

### District Judges

Gerhard A. Gesell	Norma H. Johnson
John H. Pratt	Thomas P. Jackson
Charles R. Richey	Thomas F. Hogan
Louis F. Oberdorfer	Stanley S. Harris
Harold H. Greene	George H. Revercomb
John Garrett Penn	Stanley Sporkin
Joyce Hens Green	

## U.S. COURT OF MILITARY APPEALS

Fifth and E Streets NW.,

Washington, DC 20042, Phone 272-1448

Chief Judge	Robinson O. Everett
Judge	Walter T. Cox III
Judge	Eugene R. Sullivan



# Laws and Rules for Publication of the Congressional Record

## CODE OF LAWS OF THE UNITED STATES

**TITLE 44, SECTION 901. CONGRESSIONAL RECORD: ARRANGEMENT, STYLE, CONTENTS, AND INDEXES.**—The Joint Committee on Printing shall control the arrangement and style of the CONGRESSIONAL RECORD, and while providing that it shall be substantially a verbatim report of proceedings, shall take all needed action for the reduction of unnecessary bulk. It shall provide for the publication of an index of the CONGRESSIONAL RECORD semimonthly during and at the close of sessions of Congress. (Oct. 22, 1968, c. 9, 82 Stat. 1255.)

**TITLE 44, SECTION 904. CONGRESSIONAL RECORD: MAPS; DIAGRAMS; ILLUSTRATIONS.**—Maps, diagrams, or illustrations may not be inserted in the RECORD without the approval of the Joint Committee on Printing. (Oct. 22, 1968, c. 9, 82 Stat. 1256.)

To provide for the prompt publication and delivery of the CONGRESSIONAL RECORD the Joint Committee on Printing has adopted the following rules, to which the attention of Senators, Representatives, and Delegates is respectfully invited:

1. **Arrangement of the daily Congressional Record.**—The Public Printer shall arrange the contents of the daily CONGRESSIONAL RECORD as follows: The Senate proceedings shall alternate with the House proceedings in order of placement in consecutive issues insofar as such an arrangement is feasible, and Extensions of Remarks and Daily Digest shall follow. *Provided*, That the makeup of the CONGRESSIONAL RECORD shall proceed without regard to alternation whenever the Public Printer deems it necessary in order to meet production and delivery schedules.

2. **Type and style.**—The Public Printer shall print the report of the proceedings and debates of the Senate and House of Representatives, as furnished by the official reporters of the CONGRESSIONAL RECORD, in 8-point type; and all matter included in the remarks or speeches of Members of Congress, other than their own words, and all reports, documents, and other matter authorized to be inserted in the CONGRESSIONAL RECORD shall be printed in 7-point type; and all rollcalls shall be printed in 6-point type. No italic or black type nor words in capitals or small capitals shall be used for emphasis or prominence; nor will unusual indentations be permitted. These restrictions do not apply to the printing of or quotations from historical, official, or legal documents or papers of which a literal reproduction is necessary.

3. Only as an aid in distinguishing the manner of delivery in order to contribute to the historical accuracy of the RECORD, statements or insertions in the RECORD where no part of them was spoken will be preceded and followed by a "bullet" symbol, i.e., •.

4. **Return of manuscript.**—When manuscript is submitted to Members for revision it should be returned to the Government Printing Office not later than 9 o'clock p.m. in order to insure publication in the CONGRESSIONAL RECORD issued on the following morning; and if all of the manuscript is not furnished at the time specified, the Public Printer is authorized to withhold it from the CONGRESSIONAL RECORD for 1 day. In no case will a speech be printed in the CONGRESSIONAL RECORD of the day of its delivery if the manuscript is furnished later than 12 o'clock midnight.

5. **Tabular matter.**—The manuscript of speeches containing tabular statements to be published in the CONGRESSIONAL RECORD shall be in the hands of the Public Printer not later than 7 o'clock p.m., to insure publication the following morning. When possible, manuscript copy for tabular matter should be sent to the Government Printing Office 2 or more days in advance of the date of publication in the CONGRESSIONAL RECORD. Proof will be furnished promptly to the Member of Congress to be submitted by him instead of manuscript copy when he offers it for publication in the CONGRESSIONAL RECORD.

6. **Proof furnished.**—Proofs or "leave to print" and advance speeches will not be furnished the day the manuscript is received but will be submitted the following day, whenever possible to do so without causing delay in the publication of the regular proceedings of Congress. Advance speeches shall be set in the CONGRESSIONAL RECORD style of type, and not more than six sets of proofs may be furnished to Members without charge.

7. **Notation of withheld remarks.**—If manuscript or proofs have not been returned in time for publication

in the proceedings, the Public Printer will insert the words "Mr. — addressed the Senate (House or Committee). His remarks will appear hereafter in Extensions of Remarks" and proceed with the printing of the CONGRESSIONAL RECORD.

8. **Thirty-day limit.**—The Public Printer shall not publish in the CONGRESSIONAL RECORD any speech or extension of remarks which has been withheld for a period exceeding 30 calendar days from the date when its printing was authorized: *Provided*, That at the expiration of each session of Congress the time limit herein fixed shall be 10 days, unless otherwise ordered by the committee.

9. **Corrections.**—The permanent CONGRESSIONAL RECORD is made up for printing and binding 30 days after each daily publication is issued; therefore all corrections must be sent to the Public Printer within that time: *Provided*, That upon the final adjournment of each session of Congress the time limit shall be 10 days, unless otherwise ordered by the committee: *Provided further*, That no Member of Congress shall be entitled to make more than one revision. Any revision shall consist only of corrections of the original copy and shall not include deletions of correct material, substitutions for correct material, or additions of new subject matter.

10. The Public Printer shall not publish in the CONGRESSIONAL RECORD the full report or print of any committee or subcommittee when the report or print has been previously printed. This rule shall not be construed to apply to conference reports. However, inasmuch as House of Representatives Rule XXVIII, Section 912, provides that conference reports be printed in the daily edition of the CONGRESSIONAL RECORD, they shall not be printed there in a second time.

11. **Makeup of the Extensions of Remarks.**—Extensions of Remarks in the CONGRESSIONAL RECORD shall be made up by successively taking first an extension from the copy submitted by the official reporters of one House and then an extension from the copy of the other House, so that Senate and House extensions appear alternately as far as possible. The sequence for each House shall follow as closely as possible the order or arrangement in which the copy comes from the official reporters of the respective Houses.

The official reporters of each House shall designate and distinctly mark the lead item among their extensions. When both Houses are in session and submit extensions, the lead item shall be changed from one House to the other in alternate issues, with the indicated lead item of the other House appearing in second place. When only one House is in session, the lead item shall be an extension submitted by a Member of the House in session. This rule shall not apply to CONGRESSIONAL RECORDS printed after the sine die adjournment of the Congress.

12. **Official reporters.**—The official reporters of each House shall indicate on the manuscript and prepare headings for all matter to be printed in Extensions of Remarks and shall make suitable reference thereto at the proper place in the proceedings.

13. **Two-page rule—Cost estimate from Public Printer.**—(1) No extraneous matter in excess of two printed Record pages, whether printed in its entirety in one daily issue or in two or more parts in one or more issues, shall be printed in the CONGRESSIONAL RECORD unless the Member announces, coincident with the request for leave to print or extend, the estimate in writing from the Public Printer of the probable cost of publishing the same. (2) No extraneous matter shall be printed in the House proceedings or the Senate proceedings, with the following exceptions: (a) Excerpts from letters, telegrams, or articles presented in connection with a speech delivered in the course of debate; (b) communications from State legislatures; (c) addresses or articles by the President and the Members of his Cabinet, the Vice President, or a Member of Congress. (3) The official reporters of the House or Senate or the Public Printer shall return to the Member of the respective House any matter submitted for the CONGRESSIONAL RECORD which is in contravention of these provisions.

SENATE SUPPLEMENT TO "LAWS AND RULES FOR PUBLICATION OF THE CONGRESSIONAL RECORD"—EFFECTIVE FEBRUARY 10, 1970

1. Statements brought to the Chamber for insertion in the body of the RECORD will be accepted at

the desk by the Legislative Clerk when presented only by a Senator himself. The statements will be reviewed by the Parliamentarian and the Chief of Official Reporters of the Senate for compliance with the rules and traditions of the Senate.

2. All such statements will thereafter be printed in the body of the RECORD, but shall first be gathered editorially by the Chief of Official Reporters in that section of the daily CONGRESSIONAL RECORD normally reserved for the transaction of morning business under a separate heading, "Additional Statements."

3. Statements may be printed at other locations in the RECORD only when, in accordance with the editorial judgment of the Chief of Official Reporters, it is essential to do so in the interest of continuity and germaneness.

4. Statements which may be presented at the desk so late in the day as to have no sequential relationship to the morning business, shall be held over for the next day's printing, on advice to the presenting Senator, or alternatively go, with his consent, into the "Extensions of Remarks" section of the RECORD.

5. All statements accepted under paragraphs (1) to (4), inclusive, shall be printed in 8-point type, except those parts which, while intrinsic, are insertions of themselves, such as editorials, letters and telegrams, newspaper and magazine articles, statistics, citations, quotations, speeches, and other papers. These shall continue to be printed in 7-point type.

HOUSE SUPPLEMENT TO "LAWS AND RULES FOR PUBLICATION OF THE CONGRESSIONAL RECORD"—EFFECTIVE AUGUST 12, 1986

1. **Extensions of Remarks in the daily Congressional Record.**—When the House has granted leave to print (1) a newspaper or magazine article, or (2) any other matter not germane to the proceedings, it shall be published under Extensions of Remarks. This rule shall not apply to quotations which form part of a speech of a Member, or to an authorized extension of his own remarks: *Provided*, That no address, speech, or article delivered or released subsequently to the sine die adjournment of a session of Congress may be printed in the CONGRESSIONAL RECORD. One-minute speeches delivered during the morning business of Congress shall not exceed 300 words. Statements exceeding this will be printed following the business of the day.

2. Any extraneous matter included in any statement by a Member, either under the 1-minute rule or permission granted to extend at this point, will be printed in the "Extensions of Remarks" section, and that such material will be duly noted in the Member's statement as appearing therein.

3. Under the general leave request by the floor manager of specific legislation only matter pertaining to such legislation will be included as per the request. This, of course, will include tables and charts pertinent to the same, but not newspaper clippings and editorials.

4. In the makeup of the portion of the RECORD entitled "Extensions of Remarks," the Public Printer shall withhold any Extensions of Remarks which exceed economical press fill or exceed production limitations. Extensions withheld for such reasons will be printed in succeeding issues, at the direction of the Public Printer, so that more uniform daily issues may be the end result and, in this way, when both Houses have a short session the makeup would be in a sense made easier so as to comply with daily proceedings, which might run extremely heavy at times.

5. The request for a Member to extend his or her remarks in the body of the RECORD must be granted to the individual whose remarks are to be inserted.

6. All statements for "Extensions of Remarks," as well as copy for the body of the CONGRESSIONAL RECORD must be submitted on the Floor of the House to the Official Reporters of Debates and must carry the actual signature of the Member. Extensions of Remarks will be accepted up to 15 minutes after adjournment of the House. To insure printing in that day's proceedings, debate transcript still out for revision must be returned to the Office of Official Reporters of Debates, Room H-134, the Capitol, (1) by 5 p.m., or 2 hours following adjournment, whichever occurs later; or (2) within 30 minutes following adjournment when the House adjourns at 11 p.m., or later.

7. The CONGRESSIONAL RECORD shall contain a substantially verbatim account of remarks actually made during proceedings of the House, subject to technical, grammatical, and typographical corrections authorized by the Member making the remarks involved. The substantially verbatim account shall be clearly distinguishable, by different typeface, from material inserted under permission to extend remarks.



Wednesday, October 28, 1987

## Daily Digest

### HIGHLIGHTS

Senate Passed Airport and Airway Capacity Expansion Act.  
House passed fair credit and charge card disclosure bill.

## Senate

### Chamber Action

*Routine Proceedings, pages S15243-S15374*

**Measures Introduced:** Five bills and two resolutions were introduced, as follows: S. 1825-1829, and S. Res. 306-307.

Page S15349

**Measures Reported:** Reports were made as follows:

S. Res. 306, authorizing supplemental expenditures for the Committee on Armed Services. (S. Rept. No. 100-209) Referred to the Committee on Rules and Administration.

Report to accompany S. 1663, to reauthorize the Child Abuse Prevention and Treatment Act and other related Acts dealing with adoption opportunities and family violence. (S. Rept. No. 100-210)

Page S15349

**Measures Passed:**

**Congratulating Minnesota Twins:** Senate agreed to S. Res. 307, to recognize and congratulate the Minnesota Twins as the World Champions of baseball.

Page S15332

**Hugo L. Black United States Courthouse:** Senate passed H.R. 614, to designate the new United States courthouse in Birmingham, Alabama, as the "Hugo L. Black United States Courthouse."

Page S15370

**Sentencing Reform Act Amendments:** Senate passed S. 1822, to make certain amendments to the Sentencing Reform Act of 1984, and to improve certain provisions relating to imposition and collection of criminal fines, after agreeing to Byrd (for Heflin) Amendment No. 1097, of a technical and conforming nature.

Page S15370

**Budget Act Waiver:** By 92 yeas to 5 nays (Vote No. 354), Senate agreed to S. Res. 242, to waive section 303(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1184, listed below.

Page S15246

**Airport and Airway Capacity Expansion Act of 1987:** By 96 yeas to 1 nay (Vote No. 356), Senate passed H.R. 2310, to amend the Airport and Airway Improvement Act of 1982, to extend authorization of funds for airport and airway improvements, after striking all after the enacting clause and inserting in lieu thereof the text of S. 1184, Senate companion measure, after agreeing to committee amendments and taking action on amendments proposed thereto, as follows:

Page S15247

Adopted:

(1) Hollings Amendment No. 1067, to amend the Federal Aviation Act of 1958, to require the installation and use of collision avoidance systems in aircraft.

Page S15255

(2) Exon Amendment No. 1068, to improve air service to certain small communities.

Pages S15257, S15266, S15275

(3) Bentsen Amendment No. 1069, to provide for a release of restrictions contained in the instrument of disposal by which the United States conveyed certain property on which the Laredo International Airport, Laredo, Texas, is located.

Page S15262

(4) Chiles Amendment No. 1070, to provide that the Secretary of Transportation shall, by rules and regulations, or by order where necessary, require all persons to give adequate public notice, in the form and manner prescribed by the Secretary, of the construction or alteration, or of the proposed construction or alteration, of any structure where notice will promote safety in air commerce as well as the efficient use and preservation of the navigable airspace, and airport traffic capacity at public-use airports.

Page S15263

(5) Bentsen-Packwood Amendment No. 1071, to extend the Airport and Airway Trust Fund taxes.

Page S15264

(6) McCain Amendment No. 1073, to require a study by the Secretary of Transportation of the vari-



ous methods of air traffic control which might be utilized at the Grand Canyon Airport.

Page S15271

(7) Ford (for Reid) Amendment No. 1074, to review the need and utilization of special use airspace to determine its impact on the quality of the environment.

Page S15271

(8) Ford (for Wirth and Armstrong) Amendment No. 1075, to release certain conditions in connection with Stapleton International Airport, Denver, Colorado.

Page S15272

(9) Ford (for Stevens) Amendment No. 1076, to authorize the Secretary of Transportation to make grants for minimum facility and safety improvements at public airports other than commercial service airports. (Action on this amendment was subsequently vitiated.)

Page S15273

(10) Ford (for Inouye) Amendment No. 1077, to provide that airport grant funds made available to the State of Hawaii under section 505 may be used to acquire properties referred to as areas 46A and 46B of the United States General Services Administration Facility Site in Moanalua, Honolulu, Oahu, Hawaii, or to reimburse the State of Hawaii for such acquisitions; and to provide for the release of certain conditions on use of certain airport property in Hawaii.

Page S15273

(11) Ford (for Stevens) Amendment No. 1078, to designate the Federal Aviation Administration flight service station located in Juneau, Alaska, as the "Dave Scheytt Flight Service Station."

Page S15274

(12) Graham Amendment No. 1079, to provide that contracting for engineering and design services provisions shall apply except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services.

Page S15275

(13) Stevens Amendment No. 1080, to authorize the Secretary of Transportation to make grants for minimum facility and safety improvements at public airports other than commercial service airports.

Page S15275

(14) Sarbanes-Mikulski Amendment No. 1082, to require the Administrator of the Federal Aviation Administration to conduct a study of noise abatement proposals under consideration by airport operators and local governments for the purpose of identifying those proposals which, under existing law or administrative policy, are not currently eligible for Federal assistance and determining whether or not such proposals should be made eligible for Federal assistance.

Page S15276

(15) Domenici Amendment No. 1083, to assist Sierra Blanca Regional Airport, Ruidoso, New Mexico, in obtaining financial assistance for certain fire protection.

Page S15280

(16) Ford (for Bumpers) Amendment No. 1084, to permit assistance to the Municipal Airport of the City of Dermott, Arkansas, notwithstanding the fact that it is located on leased lands.

Page S15283

(17) Lautenberg Amendment No. 1085, to amend the National Driver Register Act of 1982, to assist in the identification of operators of aircraft who have driving problems by permitting access to the National Driver Register.

Page S15284

(18) Lautenberg Amendment No. 1086, to require the Secretary of Transportation to initiate a supplementary rulemaking to require the installation and use of cockpit voice recorders and flight data recorders on commuter aircraft and other aircraft, commensurate with the recommendations of the National Transportation Safety Board.

Page S15286

(19) Wilson Amendment No. 1087, to provide for a civil penalty assessment demonstration program, and to require greater security at airport and airport areas.

Page S15293

(20) Lautenberg Amendment No. 1088, to provide limitations on funding and certain other activities at the Atlantic City Airport, in Pomona, New Jersey.

Page S15294

(21) Ford Amendment No. 1089, to change the amended definition of "airport development" under the Airport and Airway Improvement Act of 1982.

Page S15295

(22) Ford Amendment No. 1090, to prohibit the Federal Aviation Administration from discriminating against operations of air carrier aircraft with fewer than 61 seats in establishing criteria for airport control towers and navigational aids.

Page S15295

(23) Cohen-Mitchell Amendment No. 1091, of a clarifying nature, to provide that the term "passengers enplaned" also includes passengers on board international flights which transit an airport for non-traffic purposes.

Page S15296

(24) Metzenbaum Amendment No. 1092, to require the Secretary of Transportation to issue regulations requiring adequate, uniform life preservers, life rafts, and flotation devices for passengers, including small children and infants, on any flight of an air carrier which the Secretary determines a part of which flight will occur over water and adequate



information and instructions as to the use of such preservers, rafts, and flotation devices.

Page S15298

**Rejected:**

Kassebaum Amendment No. 1072 (to Amendment No. 1068), in the nature of a substitute, to extend section 419 of the Federal Aviation Act of 1958 through September 30, 1990. (By 57 yeas to 37 nays (Vote No. 355), Senate tabled the amendment.)

Pages S15268, S15274

**Withdrawn:**

Metzenbaum modified Amendment No. 1081, to provide that the Secretary of Transportation shall issue certain regulations to ensure greater safety to air passengers, and to report to Congress on specific regulations the Secretary has adopted or intends to adopt to modernize and improve the oversight and inspection of air carrier maintenance and safety-related procedures.

Pages S15275, S15277, S15280

S. 1184, companion measure, was indefinitely postponed.

Page S15310

Senate insisted on its amendments and requested a conference with the House thereon.

Page S15310

**Department of Transportation Appropriations, 1988:** Senate began consideration of H.R. 2890, to appropriate funds for the Department of Transportation and related agencies for the fiscal year ending September 30, 1988, agreeing to committee amendments en bloc (with certain exceptions), and taking action on amendments proposed thereto, as follows:

Pages S15311, S15329

**Adopted:**

(1) Johnston-Breaux Amendment No. 1093, to provide that the Governor of Louisiana may transfer not to exceed \$5,000,000 of unused apportionments under section 9 of the Urban Mass Transportation Act of 1964 to any other urbanized area for use for urban mass transportation purposes.

Page S15321

(2) Breaux-Johnston Amendment No. 1094, to authorize the Secretary of Transportation to carry out a project to construct a full-diamond interchange to connect Louisiana Highway 354 to Interstate Route I-10 in East Lafayette, Louisiana.

Page S15321

(3) D'Amato Amendment No. 1095, to provide additional funds for the Panama Canal Commission Fund.

Page S15329

(4) D'Amato Amendment No. 1096, to provide funding for the Congressional Award Board, Congressional Award Program.

Page S15330

**Rejected:**

A point of order was sustained against the committee amendment on page 56, beginning with line 7, relating to prohibition against smoking on scheduled flights and tampering with smoke alarm devices. Pending is an appeal of the ruling of the Chair.

Page S15329

Senate will continue consideration of the bill and amendments proposed thereto on Thursday, October 29.

Page S15329

**Nomination Returned to Committee:** On a point of order, the nomination of Richard N. Viets, of Florida, to be Ambassador to the Republic of Portugal, was returned to the Committee on Foreign Relations.

Page S15337

**Nominations Received:** Senate received the following nominations:

Robert W. Page, Sr., of Texas, to be an Assistant Secretary of the Army.

Esther Kratzer Everett, of New York, and Helen J. Valerio, of Massachusetts, to be Members of the National Advisory Council on Women's Educational Programs.

Carolynn Reid-Wallace, of the District of Columbia, to be a Member of the National Council on Humanities.

Routine lists of Air Force, Marine Corps, and Navy nominations.

Page S15374

**Nomination Withdrawn:** Senate received notification of the withdrawal of the nomination of Charles A. Moser, of Virginia, to be a Member of the National Council on the Humanities.

Page S15377

**Messages From the President:**

Page S15348

**Messages From the House:**

Page S15348

**Measures Referred:**

Page S15348

**Measures Ordered Placed on Calendar:**

Page S15349

**Statements on Introduced Bills:**

Page S15349

**Amendments Submitted:**

Page S15355

**Additional Cosponsors:**

Page S15353

**Authority for Committees:**

Page S15361

**Notices of Hearings:**

Page S15361

**Additional Statements:**

Page S15362

**Record Votes:** Three record votes were taken today. (Total—356)

Pages S15247, S15274, S15203

**Recess:** Senate convened at 9:40 a.m., and recessed at 7:15 p.m., until 8:30 a.m., on Thursday, October 29, 1987. (For Senate's program, see the remarks of Senator Byrd in today's Record on page S15374.)



## Committee Meetings

(Committees not listed did not meet)

### NOMINATIONS

*Committee on Commerce, Science, and Transportation:* Committee concluded hearings on the nominations of Francis J. Ivancie, of Oregon, to be Federal Maritime Commissioner, and Francis H. Fay, of Alaska, and William W. Fox, Jr., of Florida, both to be Members of the Marine Mammal Commission, after the nominees testified and answered questions in their own behalf. Mr. Ivancie was introduced by Senators Packwood and Hatfield.

### WELFARE REFORM

*Committee on Finance:* Committee resumed hearings on how to improve the existing welfare system and how to promote the well-being of families with children, receiving testimony from Representative Roukema; Linda Wilcox, Director, Maine Department of Human Services, Augusta; Stephen Heintz, Connecticut Department of Income Maintenance, Hartford, on behalf of the American Public Welfare Association; Ann C. Helton, Maryland Child Support Enforcement Administration, Baltimore, on behalf of the National Council of Child Support Administrators; Douglas G. Glasgow, National Urban League, Inc.; Susan Rees, Coalition on Human Needs, and Arthur B. Keys, Interfaith Action for Economic Justice, all of Washington, DC; and Judith M. Gueron, Manpower Demonstration Research Corporation, New York, New York.

Hearings were recessed subject to call.

### SITUATION IN THE PERSIAN GULF

*Committee on Foreign Relations:* Committee held hearings to review the current situation in the Persian Gulf, focusing on the United Nations role in the area, receiving testimony from Cyrus Vance, New York, New York, former Secretary of State; and Elliot L. Richardson, Washington, DC, former Secretary of Defense.

Hearings were recessed subject to call.

### NOMINATIONS

*Committee on Foreign Relations:* Committee concluded hearings on the nominations of James B. Moran, of Virginia, to be Ambassador to the Republic of Sey-

chelles, Robert Pringle, of Virginia, to be Ambassador to the Republic of Mali, and David Shinn, of Washington, to be Ambassador to Burkina Faso, after the nominees testified and answered questions in their own behalf.

### RETIREMENT AND SURVIVOR ANNUITIES FOR BANKRUPTCY JUDGES/MAGISTRATES

*Committee on the Judiciary:* Subcommittee on Courts and Administrative Practice concluded hearings on S. 1630, to provide for retirement and survivors' annuities for bankruptcy judges and magistrates, after receiving testimony from Otto R. Skopil, Jr., Senior Judge, United States Court of Appeals for the Ninth Circuit, Morey L. Sear, U.S. District Judge for the Eastern District of Louisiana, and Robert R. Merhige, Jr., U.S. District Judge for the Eastern District of Virginia, all on behalf of the Judicial Conference of the United States; Ralph H. Kelley, Chief United States Bankruptcy Judge for the Eastern District of Tennessee; Harvey E. Schlesinger, United States Magistrate for the United States District Court, Middle District of Florida, on behalf of the National Council of United States Magistrates; and John J. Dilenschneider, Association of Former Bankruptcy Judges, Columbus, Ohio.

### AIRLINE SERVICE—RURAL ECONOMY

*Committee on Small Business:* Subcommittee on Rural Economy and Family Farming concluded hearings on how airline deregulation has significantly hurt the economies of small communities and rural areas, after receiving testimony from John Coleman, Director, Office of Essential Air Services, Department of Transportation; Charles Cadwell, Deputy Chief Counsel for Advocacy, Small Business Administration; John S. Fredericksen, Regional Airline Association, and James E. Landry, Air Transport Association of America, both of Washington, DC; Russell R. Pankey, Montana Airport Management Association, Missoula; Dean Schofield, South Dakota Department of Transportation, Pierre; Robert W. Anderson, National Committee of Cities and States for Airline Service, St. Paul, Minnesota; Morten Beyer, Avmark, Inc., Lolo, Montana; John J. Nance, Tacoma, Washington; and Paul Stephen Dempsey, University of Denver College of Law, Denver, Colorado.



# House of Representatives

## Chamber Action

**Bills Introduced:** 17 public bills, H.R. 3559-3574 and H.R. 3576; 1 private bill, H.R. 3575; and 8 resolutions, H.J. Res. 388-392, and H. Res. 295-297 were introduced.

Page H9126

**Bills Reported:** Reports were filed as follows:

H. Res. 295, providing for the consideration of H.R. 1212, to prevent the denial of employment opportunities by prohibiting the use of lie detectors by employers involved in or affecting interstate commerce (H. Rept. 100-407);

H. Res. 296, providing for the consideration of H.R. 3545, to provide for reconciliation pursuant to section 4 of the concurrent resolution on the budget for the fiscal year 1988 (H. Rept. 100-408);

H.R. 3436, to amend the Older Americans Act of 1965 to make technical corrections (H. Rept. 100-409); and

H.R. 3576, making appropriations for the Department of Defense for the fiscal year ending September 30, 1988 (H. Rept. 100-410).

Page H9126

**Journal:** By a yea-and-nay vote of 300 yeas to 102 nays, Roll No. 379, the House approved the Journal of Tuesday, October 27.

Page H9065

**Iran Committee Report Deadline:** House agreed to H. Res. 294, providing that the Select Committee To Investigate Covert Arms Transactions With Iran shall make its final report to the House not later than November 13, 1987.

Page H9070

**Joint Referral:** The bill H.R. 3413, to require the Administrator of General Services to convey certain property to the Museum of the American Indian, which had been referred solely to the Committee on Government Operations, was jointly referred to the Committee on Government Operations and the Committee on Public Works and Transportation.

Page H9076

**Credit Card Disclosure:** By a recorded vote of 408 ayes to 1 no with 1 voting "present", Roll No. 382, the House passed H.R. 515, to provide for more detailed and uniform disclosure by credit card issuers with respect to information on interest rates and other fees which may be incurred by consumers through the use of any credit card.

Page H9076

Agreed to the committee amendment in the nature of a substitute.

Page H9087

Agreed to the Vento amendment that prohibits the imposition of credit card renewal fees unless the creditor notifies the cardholder at least 30 days before the date the fee will be imposed the amount of the fee and the date on which it will be imposed.

Page H9099

Rejected the Annunzio amendment that sought to establish a floating credit card interest rate ceiling at eight percentage points above the yield on one-year Treasury securities, to be adjusted quarterly (rejected by a recorded vote of 56 ayes to 356 noes with 2 voting "present", Roll No. 381).

Page H9088

Agreed to amend the title.

Page H9101

H. Res. 292, the rule under which the bill was considered, was agreed to earlier by a yea-and-nay vote of 217 yeas to 198 nays, Roll No. 380, after having been rejected by a division vote of 13 ayes to 23 noes.

Page H9071

**Late Report:** Committee on Appropriations received permission to have until midnight tonight to file a report on H.R. 3576, making appropriations for the Department of Defense for the fiscal year ending September 30, 1988.

Page H9101

**Quorum Calls—Votes:** Two yea-and-nay votes and two recorded votes developed during the proceedings of the House today and appear on pages H9065, H9075, H9098, H9100. There were no quorum calls.

**Adjournment:** Met at noon and adjourned at 7:12 p.m.

## Committee Meetings

### FEDERAL LAND EXCHANGE FACILITATION ACT

*Committee on Agriculture:* Subcommittee on Forests, Family Farms and Energy approved for full Committee action amended H.R. 1860, Federal Land Exchange Facilitation Act of 1987.

### DEFENSE APPROPRIATIONS

*Committee on Appropriations:* Ordered reported the Department of Defense appropriation bill for fiscal year 1987.

### REFORM OF THE NATION'S BANKING AND FINANCIAL SYSTEMS

*Committee on Banking, Finance and Urban Affairs:* Subcommittee on Financial Institutions, Supervision, Regulation and Insurance continued hearings on



reform of the Nation's Banking and Financial Systems. Testimony was heard from Robert L. Clarke, Comptroller of the Currency, Department of the Treasury; and L. William Seidman, Chairman, FDIC.

Hearings continue November 3.

#### **NORTHROP CORPORATION**

*Committee on Energy and Commerce:* Subcommittee on Oversight and Investigations held a hearing regarding internal controls and corporate integrity of Northrop Corporation. Testimony was heard from a public witness.

#### **MISCELLANEOUS MEASURE; U.S.-EAST EUROPEAN TRADE**

*Committee on Foreign Affairs:* Subcommittee on Europe and the Middle East and the Subcommittee on International Economic Policy and Trade approved for full Committee action H. Con. Res. 186, urging the German Democratic chief of state Erich Honecker to permanently repeal the order directing East German border guards to shoot to kill anyone who without authorization, attempts to cross the Berlin Wall and to issue an order to tear down the Berlin Wall.

The Subcommittees also held a joint hearing on U.S.-East European Trade. Testimony was heard from Rozanne L. Ridgway, Assistant Secretary, Bureau of European and Canadian Affairs, Department of State; Franklin Vargo, Deputy Assistant Secretary for Europe, International Trade Administration, Department of Commerce; and Talbot Lindstrom, Deputy Director, Defense Technology Security Administration, Department of Defense.

#### **DRAFT REPORTS**

*Committee on Government Operations:* Subcommittee on Employment and Housing approved for full Committee action the following draft reports: "Overhauling the Federal EEO Complaint Processing System: A New Look at a Persistent Problem"; and "HUD's Regulations Implementing the Emergency Shelter Grants Program Erect Unnecessary Barriers for Religious Groups to Receive Funds for Sheltering the Homeless."

#### **FEDERAL ANTI-DRUG ABUSE POLICIES**

*Committee on Government Operations:* Subcommittee on Government Information, Justice and Agriculture continued hearings on Federal Anti-Drug Abuse Policies. Testimony was heard from the following officials of the Department of Transportation: Raymond DeCarli, Assistant Inspector General for Audits; and Adm. Paul A. Yost, Jr., Commandant, U.S. Coast Guard.

#### **MISCELLANEOUS MEASURES**

*Committee on Interior and Insular Affairs:* Ordered reported amended the following bills: H.R. 2967, Nuclear Waste Policy Amendments Act of 1987; and H.R. 2677, to establish procedures for review of tribal constitutions and bylaws or amendments thereto pursuant to the act of June 18, 1934 (48 Stat. 987).

#### **RETIREMENT AND SURVIVOR ANNUITIES FOR BANKRUPTCY JUDGES AND MAGISTRATES ACT**

*Committee on the Judiciary:* Subcommittee on Courts, Civil Liberties and the Administration of Justice held a hearing on H.R. 2586, Retirement and Survivor Annuities for Bankruptcy Judges and Magistrates Act of 1987. Testimony was heard from the following officials of the Judicial Conference of the United States: Judge Robert Merhige; Judge Otto Skopil, Chairman, Magistrates Committee; and Judge Maury Sear, Chairman, Bankruptcy Committee; and public witnesses.

#### **TEMPORARY SAFE HAVEN ACT**

*Committee on the Judiciary:* Subcommittee on Immigration, Refugees and International Law held a hearing on H.R. 2922, Temporary Safe Haven Act of 1987. Testimony was heard from Delia B. Combs, Associate Commissioner, Refugee, Asylum and Parole, Immigration and Naturalization Service, Department of Justice; Richard Schifter, Assistant Secretary, Bureau of Human Rights and Humanitarian Affairs, Department of State; and public witnesses.

#### **EMPLOYEE POLYGRAPH PROTECTION ACT**

*Committee on Rules:* Granted an open rule providing one hour of debate on H.R. 1212, Employee Polygraph Protection Act. Testimony was heard from Representatives Williams, Richardson, Darden, Roukema, Gunderson and Young of Florida.

#### **GUARANTEED DEFICIT REDUCTION RECONCILIATION ACT**

*Committee on Rules:* Granted a modified closed rule providing three hours of debate on H.R. 3545, Guaranteed Deficit Reduction Reconciliation Act. The rule waives all points of order against the bill and against its consideration. The rule provides that the amendments printed in section 1 of the report to accompany the rule are considered as having been adopted in the House and in the Committee of the Whole, subject to amendments made in order subsequently in the rule. No other amendment to the bill is in order in the House or in the Committee of the Whole except the en bloc amendments printed in section 2 of the report to accompany the rule by the Member indicated or his designee. The en bloc



amendments are not subject to amendment or to a demand for a division of the question in the House or in the Committee of the Whole. The en bloc amendments are debatable for one hour, to be equally divided and controlled by the proponent of the amendment and a member opposed thereto. The rule waives all points of order against the en bloc amendments. Finally, the rule provides one motion to recommit which may not contain instructions. Testimony was heard from Chairman Gray; and Representatives Volkmer, Staggers, Hayes of Illinois, Jones of North Carolina, Rostenkowski, Gibbons, Pickle, Rangel, Jacobs, Traficant, Carper, Denny Smith, Armey, Stangeland, Roukema, Michel, Duncan, Daub, Brown of Colorado and Shaw.

### MAGNETIC FUSION

*Committee on Science, Space, and Technology:* Subcommittee on Energy Research and Development and the Subcommittee on International Scientific Cooperation held a joint hearing to review the OTA report on Magnetic Fusion. Testimony was heard from John F. Clarke, Associate Director, Office of Fusion Energy, Department of Energy; Gerald Epstein, Program Director, Office of Technology Assessment; and a public witness.

### IN THE MATTER OF REPRESENTATIVE CHARLES ROSE

*Committee on Standards of Official Conduct:* Met in executive session and voted to issue a Statement of Alleged Violations in the matter of Representative Charles Rose.

### IN THE MATTER OF DELEGATE FOFO I.F. SUNIA

*Committee on Standards of Official Conduct:* Met in executive session and voted to commence a Preliminary Inquiry into the matter of Delegate Fofu I.F. Sunia.

## Joint Meeting

### U.S. TRADE TRENDS

*Joint Economic Committee:* Committee held hearings on the implications of U.S. trade trends, focusing on short-term prospects for exports and imports, the failure of sharp decline in the dollar to improve U.S. international accounts, and the relationship between international trade balances and the financial markets, receiving testimony from Paul Krugman, Massachusetts Institute of Technology, Cambridge; Jerry Jasnowski, National Association of Manufacturers, Washington, DC; and Robert Hormats, Goldman Sachs and Company, New York, New York.

Hearings continue on Friday, October 30.

## COMMITTEE MEETINGS FOR THURSDAY, OCTOBER 29, 1987

(Committee meetings are open unless otherwise indicated)

### Senate

*Committee on Energy and Natural Resources,* to resume hearings on the status of the Department of Energy's efforts to address issues concerning the defense materials production reactors located in the United States, 2 p.m., SD-366.

*Committee on Environment and Public Works, Subcommittee on Nuclear Regulation,* to hold hearings on S. 14, S. 100, S. 1769, and S. 1770, bills to reorganize the functions of the Nuclear Regulatory Commission and to establish an office of Inspector General in the NRC, 9:30 a.m., SD-406.

*Committee on Governmental Affairs,* to hold hearings on the nomination of Frank Nebeker, of Virginia, to be Director, Office of Government Ethics, 9:30 a.m., SD-342.

*Committee on the Judiciary,* business meeting, to consider pending calendar business, 10 a.m., SD-226.

Full Committee, to hold hearings on S. 1523, Racketeering Influence and Corruption Organization Act, 2 p.m., SD-226.

*Committee on Labor and Human Resources, Subcommittee on Children, Family, Drugs, and Alcoholism,* to resume hearings on S. 249, to grant employees parental and temporary medical leave under certain circumstances, 9:30 a.m., SD-430.

*Select Committee on Indian Affairs,* business meeting, to consider S. 1703, to strengthen the self-determination aspects of contracting, as contained in the Indian Self-Determination and Education Assistance Act (P.L. 93-638), by clarifying that Federal procurement laws and Federal acquisition regulations do not apply to Indian self-determination contracts, S. 795, to provide for the settlement of water rights claims of the La Jolla, Rincon, San Pasqual, Pauma, and Pala Bands of Mission Indians in San Diego County, California, and other pending calendar business, 9 a.m., SR-485.

### NOTICE

For a listing of Senate committee meetings scheduled ahead, see page E4232 in today's Record.

### House

*Committee on Appropriations,* to mark up further a continuing resolution for fiscal year 1988, 9:30 a.m., 2360 Rayburn.

*Committee on Armed Services, Acquisition Policy Panel,* hearing on the status of the Defense Department's implementation of section 1207 of Public Law 99-661, which established a 5-percent goal for the award of contracts to small disadvantaged businesses, 10 a.m., 2212 Rayburn.

*Committee on Banking, Finance and Urban Affairs,* hearing on the impact of the Stock Market drop and related economic developments, 10 a.m., 2128 Rayburn.

*Committee on Education and Labor, Subcommittee on Employment Opportunities,* hearing on the investigation of civil rights enforcement activities of the OFCCP, 9:30 a.m., 2257 Rayburn.



Subcommittee on Labor Standards, to continue hearings on H.R. 1834, Minimum Wage Restoration Act of 1987, 1:30 p.m., 2261 Rayburn.

*Committee on Energy and Commerce*, Subcommittee on Transportation, Tourism and Hazardous Materials, to markup H.R. 1393, Consumer Rail Equity Act, 9:30 a.m., 2123 Rayburn.

*Committee on Foreign Affairs*, Task Force on International Narcotics Control, hearing on world-wide review of the status of U.S. Extradition Treaties and Mutual Assistance Treaties, 2 p.m., 2200 Rayburn.

*Committee on House Administration*, Subcommittee on Libraries and Memorials, hearing on H.R. 683, pertaining to the requirements for appointing the Librarian of Congress, 10 a.m., 311 Cannon.

*Committee on Interior and Insular Affairs*, Subcommittee on Water and Power, oversight hearing on reorganization of the Bureau of Reclamation, 1:15 p.m., 1324 Longworth.

*Committee on the Judiciary*, Subcommittee on Administrative Law and Governmental Relations, hearing on H.R. 2378, Federal Procurement Liability Reform Act of 1987, 10 a.m., B-352 Rayburn.

Subcommittee on Courts, Civil Liberties and the Administration of Justice, oversight hearing on AIDS and the Administration of Justice, 10 a.m., 2141 Rayburn.

Subcommittee on Criminal Justice, hearing on H.R. 1016, Public Safety Officers, Death Benefits Amendments of 1987, and related bills, 10 a.m., 2237 Rayburn.

Subcommittee on Immigration, Refugees and International Law, hearing on H.R. 2921, Immigration and Nationality Efficiency Amendments of 1987, 9 a.m., 2226 Rayburn.

*Committee on Merchant Marine and Fisheries*, Subcommittee on Fisheries and Wildlife Conservation and the Environment, hearing on the nature and scale of oil exploration and development which might take place in the coastal plain of the Arctic National Wildlife Refuge under a full development scenario, 2 p.m., 1334 Longworth.

*Committee on Rules*, to consider H.R. 435, to amend title 3, United States Code, and the Uniform Time Act of 1966 to establish a single poll closing time in the continental United States for Presidential general elections, 2:30 p.m., H-313 Capitol.

*Committee on Science, Space, and Technology*, hearing to review the results of the 1987 Antarctic Expedition to Study Ozone Depletion, 9:30 a.m., 2318 Rayburn.

### Joint Meetings

*Joint Economic Committee*, Subcommittee on Education and Health, to resume hearings on the competitiveness and quality of the American work force, 9:30 a.m., 2359 Rayburn Building.

*Conferees*, on S. 825, authorizing funds for fiscal years 1988 and 1989 for housing and community development programs, 2:30 p.m., 2128 Rayburn Building.



*Next Meeting of the SENATE*

8:30 a.m., Thursday, October 29

## Senate Chamber

**Program for Thursday:** After five orders for Senators for speeches and the transaction of any morning business (at not later than 9:30 a.m.), Senate will continue consideration of H.R. 2890, Department of Transportation Appropriations, 1988.

Pending is an appeal of the ruling of the Chair in sustaining a point of order against the committee amendment on page 56, beginning with line 7, relating to prohibition against smoking on scheduled flights and tampering with smoke alarm devices, on which a vote will occur at 10 a.m.

*Next Meeting of the HOUSE OF REPRESENTATIVES*

10 a.m., Thursday, October 29

## House Chamber

**Program for Thursday:** Consideration of H.R. 3545, Guaranteed Deficit Reduction Reconciliation Act (modified rule, 3 hours of general debate).

## Extensions of Remarks, as inserted in this issue

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# Congressional Record

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THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

November 23, 1987

Dear Silvio:

I was delighted to learn that a constituent of yours, Danny Tawczynski, made an important contribution to the success of The World Bank's recent seminar on farming techniques.

My staff told me he was a big hit at the seminar and the article in today's Post certainly confirms this. We all have a great deal to learn from individuals like Mr. Tawczynski who are in the front line of technological advances in agriculture and other fields as well. If you get the chance, I would appreciate your letting Mr. Tawczynski know of our gratitude.

Knowing of your own contributions on international issues, it came as no surprise to me that the State of Massachusetts has produced another individual with innovative and progressive ideas.

Best wishes.

Sincerely,



The Honorable Silvio Conte  
House of Representatives  
Room 2300 Rayburn House Office Building  
Washington, D.C. 20515



# The World Bank

OFFICE OF THE PRESIDENT

November 20, 1987

Mr. Conable:

Sen. Kasten's office called today in connection with this clipping. He is so pleased to see the article, that he is writing to the Editor today, complimenting the Bank on its efforts.!!!

A large, stylized handwritten signature in blue ink, appearing to be 'B. Stanton'.

Bill Stanton



## THE FEDE

*Washington Journal***The Message on the Potato Bag**

By Ward Sinclair  
Washington Post Staff Writer

It had all the earmarks of another one of those dreary seminars for which this capital city is justly famed: stacks of scholarly papers at the door, a program studded with convoluted panel discussion themes, and attendees restless for lunch.

And so it was that World Bank staff members converged on the meeting room of a suburban hotel yesterday, likely primed for another one of those mind-deadening excursions into theory that seem far from the reality of underdevelopment and desperation in the Third World.

Well, so much for the symbols.

By the time Danny Tawczynski finished telling the magic story of his paper potato bags, and by the time apple grower Bill Rose had gently pointed out ways to change the world, it was clear something different was going on at a local institution that, rightfully or not, is considered staid and predictable.

Farmers, in an unusual turn of the screw, were taking part in an experts' seminar on farming techniques, not only as invited guests but right up front as featured speakers. Tawczynski and Rose, it can be reported, were eloquent.

The new word at the World Bank, by order of President Barber B. Conable Jr., the former New York congressman, is that unless the environmental consequences of any given project are weighed, development loans won't be made.

Which explains in part why the bank turned for advice yesterday to a couple of Massachusetts farmers, both highly successful practitioners of a technique known as integrated pest management (IPM). Simply put, IPM means growing farm crops with fewer chemical pesticides and more natural pest controls.

As part of the Conable doctrine, the bank is entering a period of change that could mean, for example, that Third World agricultural development funding will be linked increasingly to diminished use of pesticides for environmental, public health and economic reasons. Thus the interest in IPM.

Along with the two farmers came other officials and farming



BY DARREL ELUS—THE WASHINGTON POST

**World Bank President Conable: Weigh environmental consequences.**

who explained in detail how a state-promoted IPM program has brought a major decrease in pesticide use there.

Tawczynski told how, by careful monitoring for pests and by rotating his plantings, he had virtually eliminated the use of pesticides on his extensive crops of sweet corn and potatoes, both of which are susceptible to heavy bug infestations.

"When the IPM program became available, the University of Massachusetts taught me what the real world was. Their people taught me that some bugs are my friends . . . And now IPM has become a valuable tool for marketing," he said.

Whereupon Tawczynski unfurled a large paper potato bag, imprinted on one side with a notice that his spuds were grown in an IPM program "with little or no pesticides." They used to be grown with a little; today they're grown with almost none.

"This turned our operation around," he said. "This may be like carrying coals to Newcastle, but people drive all the way from Long Island to buy our potatoes. The notice on the back of the bag is why they're doing it. A growing number of people are concerned about what they are eating."

Tawczynski's farm, it should be noted, is near Great Barrington, Mass., a pretty good haul from Long Island.

Rose, who grows apples at Philipston, Mass., told a similar story. With IPM techniques, he said, he

cent "and maintained the quality of the apple." A stack of brochures depicting lush-looking Rose apples provided visual verification.

"This would not have happened without support from the technical people, whether they are in the public or private sector," he said. "We know that by staying with this and by knowing the pests, we are able to do it."

Their success stories are but a small part of what is happening in their state, where the Dukakis administration has embarked on a full-court press to reduce farmers' use of toxic chemicals. It is driven in part by environmental concerns, in part by a desire to cut farmers' operating costs and to keep agriculture solvent in Massachusetts.

According to August Schumacher Jr., who left the World Bank in 1985 to become Dukakis' commissioner of food and agriculture, the IPM program has led to dramatic changes in Massachusetts. Pesticide usage is down considerably and the state is on track toward its goal of cutting use of the most toxic chemicals by half by 1995.

Danny Tawczynski provided an epilogue. "The single biggest benefit of IPM is reeducational," he said. "We're all brought up believing we have to spray. We should be encouraged to use other methods."

Expert heads in the audience

nodded in agreement. "We considered it a matter of life or death. At least on the farm, it's a matter of life or death."



# RAL PAGE

## House Panel, in Dispute With FDA, Will Seek Data Identifying Patients

By Michael Specter  
Washington Post Staff Writer

A congressional subcommittee with primary responsibility for oversight of the Food and Drug Administration has for the first time voted to subpoena agency records that include names of patients.

Rep. Ted Weiss (D-N.Y.), chairman of the House human resources subcommittee, said he recommended the action because the FDA, in a departure from 20 years' practice, has refused to supply Congress with complete records of recent experimental drug trials.

"For twenty-three years now we have been getting the information we need from the FDA," said Weiss. "There has never been one single instance in which any information relating to a patient has been disclosed. This is just an attempt on the part of the Reagan administration to give us as little information as possible."

Public Health Service officials said yesterday that it is their firm policy to keep names associated with clinical drug trials confidential. But FDA sources acknowledged that in the past they have often forwarded to Hill committees information with names added.

Health service officials said the subpoena would scare people out of participating in new-drug trials. Widespread discrimination has made confidentiality a special concern for AIDS patients on experimental drugs, although none of the records in dispute involve drugs for AIDS treatment.

"We cannot count on this government not to leak information, just because it is sensitive," said Lowell Harmison, deputy assistant secretary for health. "We would be willing to provide everything except names."

Weiss, who in contrast to some administration officials has advocated legislative guarantees of confidentiality for AIDS patients, said the Health and Human Services Department was attempting to use this issue to mask a slow re-



REP. TED WEISS

... "we ... attempted to compromise"

sponse to his requests for information.

The General Accounting Office recently reported several instances where the FDA was unable to comply with requests from Congress in a timely fashion, but FDA officials say that is not why they are concerned about the subpoena now.

"In the past we would give them records and we knew they would not use the names in any way," said a senior FDA official who asked not

to be identified because he was not designated as a spokesman. "But AIDS has brought the concern over confidentiality to a head. If patients using a new pain reliever have their names released, none will be fired or harmed by the information. If you say a person is on AZT and he has AIDS, that's completely different."

Weiss said that the subpoena, for records of bad reactions to five drugs, would not be delivered before Dec. 1. The drugs are lovastatin, used to lower cholesterol; meretal, an antidepressant; tha, an Alzheimer's drug; bersed, a sedative used before operations, and supral, a painkiller.

But Weiss stressed that a compromise was still possible.

"We have constantly attempted to compromise with them," he said. "We suggested we will take initials; they don't need to give us the names but just the right to check original documents if we need to."

Congress has the legal right to demand the documents, but scientific researchers have always been upset by any attempts to break confidentiality.

"The relationship between doctors and patients is one of the most solemn in society," said Dr. Samuel Broder, chief of clinical oncology at the National Cancer Institute. "If you can't look your patient in the eye and promise them confidentiality, your clinical trials won't have a chance."

In order to guarantee confidentiality, FDA officials have been removing the names of patients before they turn documents over to Congress. But that process can take weeks, in some cases months. Weiss and others say that waiting has interfered with their responsibility to oversee the functions of the FDA and examine new data on drug trials.

"These things are carried out as quickly and efficiently as can possibly be done," said Harmison. "This is a policy matter and a protection right for patients."

"If it's a policy matter, it's one that they have just discovered," Weiss said in response.



# MIRROR, MIRROR ON THE - AH, SHUT UP

## For the Record

From remarks by Rep. Mary Rose Oakar (D-Ohio) before the House voted to revise the Hatch Act on Nov. 17:

When I came to Congress 11 years ago, one of the things on the agenda was the Hatch Act, and I was frankly astounded to learn of the prohibition on federal employees and postal workers relative to their participation in our country's political process.

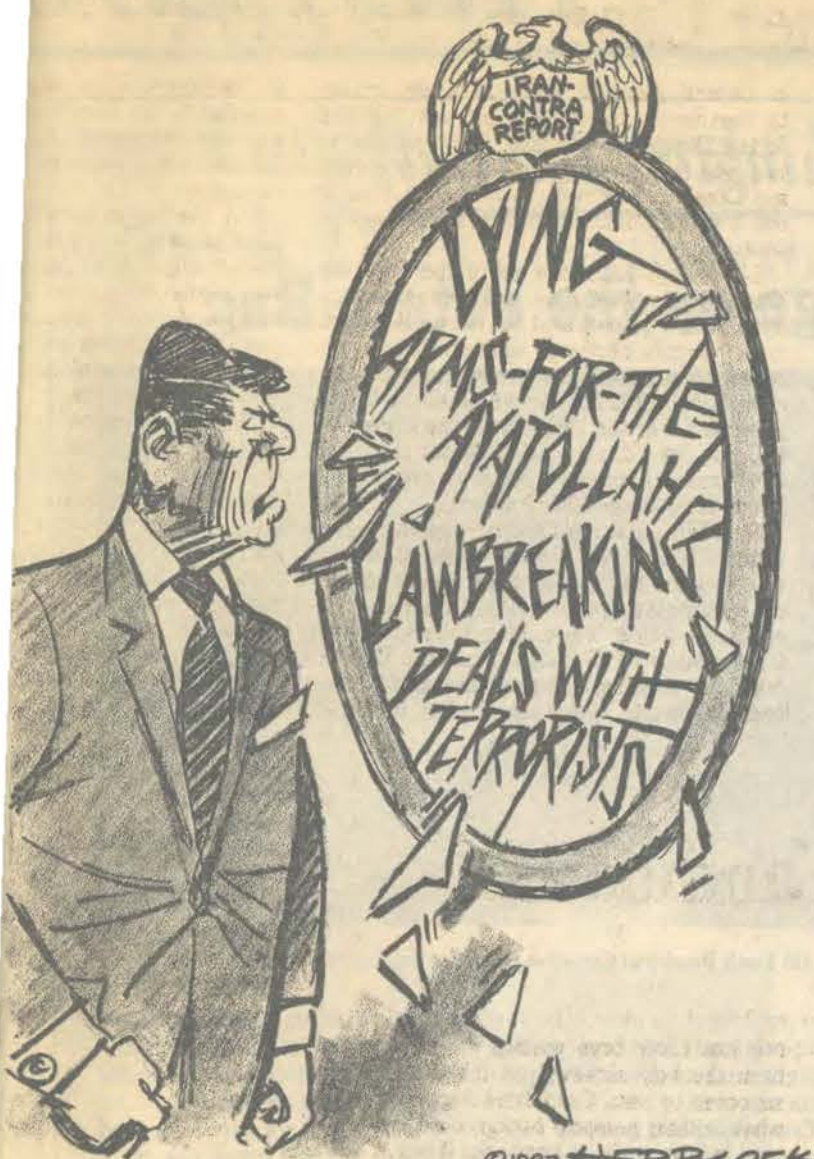
We know we live in the greatest country in the world. It is the freest country in the world. One of the reasons it is so heralded as a democracy is that its citizens are allowed to participate fully in its democracy, and indeed, that certainly includes its political process.

It is amazing to me that 11 years have gone by and we have still not passed a repeal of what I think is one of the more insidious acts passed in the country—that is the act that allowed for the lack of engagement in political processes of federal and government workers and letter carriers and postal workers as well.

If we believe that having the right to have grass-roots people elect our people is one of our hallmarks, then we ought to really support this bill.

I am frankly amazed at Common Cause not being for this kind of a bill because they want us to put a cap on what people are allowed to give to political campaigns in the form of political action committees. Yet, they do not apparently want all people in a grass-roots way to participate in the political process.

... I hope that we finally say to federal workers and to postal workers that, yes, they are American citizens in the fullest sense of the word, as well as everyone else.



## LETTERS TO THE EDITOR

### Small Tax, Enormous Gains

A connection has been drawn between the stock market's fall and the budget deficit. Worries about the latter have contributed to the former.

It has also been reported that up to \$500 billion in equity was wiped out in the one-day crash last month. The entire deficit, of course, is generally estimated in the vicinity of \$150 billion.

It is immediately obvious that if shareholders had parted with merely 30 percent of their one-day losses, by shifting those funds to Uncle Sam's account they could have eliminated the deficit, restored investor confi-

dence and saved themselves \$350 billion in the process.

Perhaps Congress should look at the securities market as a source of taxation. Even a small tax on trading securities would reap enormous gains. The negative impact would be more than offset by the gains in share prices that result from solving the deficit problem. All this would be done without having to place the burden on gasoline buyers, Social Security recipients and others.

ROBERT DREYFUSS  
Alexandria

### Metro Lots Are for Commuters

Occasionally, while reading editorials in The Post, I wonder if some of the items are printed purely to elicit a response from the lunatic fringe. It is frightening to consider that thinking, rational people really embrace some of the positions taken there. Having identified that possibility, I perhaps try to distance myself, however slightly, from that fringe.

The subject of my latest curiosity is the editorial "Metro's Misguided Parking Policy" [Nov. 11]. It is incredible that The Post can condone, and even support, the use of Metro commuter parking lots as far satellite parking for National Airport. Sure, parking is lousy at National. It's lousy at every major air terminal in the country. But there are alternatives to tying up critical commuter spaces for days at a time while travelers out of town park for a week for \$1.50, or maybe free if their return flight arrives soon enough.

Airport travelers can take a cab to National, to a Metro station or even to New York. It is irresponsible to suggest that Metro and county offi-

### Hockey's 'Goons'

Having spent part of my childhood in a town in Minnesota called Babbitt (90 miles north of Duluth), I have a right to call myself a hockey fan. When I lived up there from

other is being tainted by NHL goons and enforcers. The viciousness of the violence is not amusing.

In fact, I'm contemplating boycotting the sport until something is done. We could learn from the Sovi-



# The Washington Post

AN INDEPENDENT NEWSPAPER

## Welfare Delay

**T**HE CALENDAR is conspiring against the Democrats. They are bringing up social welfare legislation just as they are negotiating with the Republicans and the president over deficit control. A housing bill fell afoul of the contradiction earlier this week in the Senate. The welfare reform bill that was scheduled to come up in the House was wisely put off.

The Democratic bill is good legislation. The leadership should allow more latitude to amend it on the floor than the Rules Committee voted this week. But the basic structure ought to be approved—and deserves to be considered outside the distorting context of the budget talks that have proceeded so sourly this week.

The bill would increase welfare spending, never a popular thing to do. But the legislation comes with its own financing mechanism, so that for the first three years (before all its provisions would be fully effective), it would pay its way. By the fifth year, when the bill would have taken full effect, the annual cost would be a little over \$2 billion, of which the financing provisions would still pay about a third.

Much of the spending increase is intended to ease the passage of families off the rolls. States would be required, and given matching funds, to set up programs to pressure and help welfare mothers find

jobs. The women themselves would also be given inducements. They would be allowed to stay on Medicaid longer than now, allowed to keep a slightly larger amount of earnings before their welfare checks went down and helped in the early months of work to pay day-care costs.

The rest of the money would go to extend welfare to families in which the father is at home but unemployed (half the states, including those with the largest welfare populations, already do this) and to sweeten the federal-state matching formula for states that agree to increase benefits. The House need hardly be embarrassed by doing this. Benefits, which the states control, have lost a third of their purchasing power to inflation in the past 15 years. A fifth of the children in the country now live below the federal poverty line.

Republicans criticize this Democratic package in part on grounds of cost, in part on the basis that, by raising benefits and through other provisions, it would reduce the incentive to work. But the Republicans offer little in return but a program of increasing pressure on beneficiaries to work, on pain of loss of benefits. That would reduce the rolls; it would not solve the problem. The Democrats have a more promising combination. The cost is modest. The worst it can do is slightly raise the incomes of a sector of the population in undoubted need.

## What's the Council Afraid of?

**F**OR ALL the talk out of city hall about defending local self-government in the District of Columbia against unfair allegations and/or investigations, D.C. Council Chairman David A. Clarke and some of the council members are trying to sink a proposal that would let the city government mind more of its own business—before other forces get into it. The proposal would give subpoena power to one of the most important offices established by the D.C. home rule charter: the D.C. auditor. The idea is to give this independent office a basic tool of the investigatory process so that the council itself can take a more active role in oversight of the city government. What, then, are these legislators afraid of?

The discomfort may stem from the fact that the D.C. auditor these days is someone who has not been afraid to go after wrongdoing, no matter who in city hall may be at fault. But that's why this office was created, and it's why the charter specifically calls for the auditor to "have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government." That's also why the auditor serves six years; the mayor and council members serve four.

Another reason for the opposition of some

With

members may well be petty and partisan: the proposal was introduced in various forms by Carol Schwartz, lone Republican on the council. She has no real base of influence there, but some Democratic members—notably Charlene Drew Jarvis, who unsuccessfully sought a public hearing on the measure—agree with her. With them in one vote last week were Nadine Winter, Betty Ann Kane and Frank Smith.

Chairman Clarke argued at the time that the council itself should conduct more investigations rather than relying on "anybody over whom we have very little control." But who just reappointed Otis Troupe to another six-year term—by a unanimous vote? The council. And who appointed a special three-member review panel that concluded that the auditor's operations had "matured and strengthened" under Mr. Troupe? Chairman Clarke. Why should the council have "control" over this office, anyway?

When this measure comes up again, it deserves support from every member of the council who believes in strong home rule—in local government that has the strength to undergo independent, honest investigation by a local official with all the powers necessary to do a good job. To curb local initiative in oversight is to abdicate a major city responsibility to outsiders.



**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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November 24, 1987

Miss Debbie Kurila  
2422 Rayburn House Office Building  
Washington, D.C. 20515

Dear Ms. Kurila:

Mr. Conable's office has passed on to us for a reply a letter from the Honorable Jim Courter, together with a copy of a letter from Mr. Livingston regarding difficulties his firm is encountering on a contractual obligation with the Government of Ghana.

We sincerely hope that the problems referred to in Mr. Livingston's letter are in the process of being resolved to the satisfaction of his firm, Tifa (C.I.) Ltd.

We would have been glad to be of help. Unfortunately, we are not in a position to intervene with the Government of Ghana on behalf of Tifa (C.I.) Ltd., as the Bank is not a party to the contract.

As you know, the Bank Group's mandate is to help less-developed member countries to meet their developmental requirements. Our assistance to the Government of Ghana continues to be in support of their economic and social programs in accordance with the Bank's mandate. And the Government has regularly met Ghana's obligations on principal and service charges due to the Bank Group.

We very much hope that the difficulties Mr. Livingston is concerned about will be resolved satisfactorily.

With kind regards.

Sincerely,



Caio Koch-Weser  
Country Director  
Africa Region IV



bcc: Messrs. Conable, Qureshi, Jaycox

w/attachments: 1. Incoming letter  
2. Interim reply dated November 5, 1987

a:ltr4  
SMehra:cp



Nov. 10, 1987

Please prepare reply, copies  
to Messrs. Jaycox and Qureshi,  
with incoming.

Please also note comments from  
Mr. Conable's office.

Nolita

Ms. Mehra  
Pl handle

~~I think it means~~  
~~an acknowledgment~~  
~~followed by a~~  
~~more details~~

I think the Stanton  
letter deals with  
the acknowledgment  
and we can now reply  
from CK-W without  
reference to M & A but  
M check with



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

Office of the President

November 5, 1987

*Bill Thompson*

*Please prepare  
repl 6*

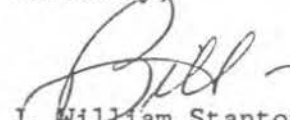
*10/11*

Dear Jim:

I wish to acknowledge your letter to Barber Conable regarding your constituent's concern about the high rate of loan defaults by the Government of Ghana. Barber is out of the country this week visiting three of the Bank's member countries in Asia, but I have forwarded Mr. Livingston's letter to the Bank's Department which deals with Ghana so that they can provide the information requested.

Thank you for your interest in the Bank's programs.

Sincerely,



J. William Stanton  
Counselor to the President

The Honorable Jim Courter  
U.S. House of Representatives  
Washington, D.C. 20515



JWS

WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/10/27

DUE DATE : 00/00/00

LOG NUMBER : 871030006

FROM : Jim Courter, House of Rep.

SUBJECT : Enclosing letter from constituent, Mr. A. Livingston regarding  
the high rate of loan defaults by the Government of Ghana.

OFFICE ASSIGNED TO FOR ACTION : Mr. M. Qureshi (E-1241)

ACTION:

<input checked="checked" type="checkbox"/>	APPROVED
<input type="checkbox"/>	PLEASE HANDLE
<input type="checkbox"/>	FOR YOUR INFORMATION
<input type="checkbox"/>	FOR YOUR REVIEW AND RECOMMENDATION
<input type="checkbox"/>	FOR THE FILES
<input type="checkbox"/>	PLEASE DISCUSS WITH _____
<input type="checkbox"/>	PLEASE PREPARE RESPONSE FOR _____ SIGNATURE
<input type="checkbox"/>	AS WE DISCUSSED
<input type="checkbox"/>	RETURN TO _____

COMMENTS : Note: Please provide Mr. Conable with a copy of response.

CC: EXT - Maguire

We should acknowledge from BBO to  
Courter before sending to MAQ. - Laque. jws



Congress of the United States  
House of Representatives  
Washington, DC 20515

October 27, 1987

Mr. Barber B. Conable  
President  
International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Mr. Conable:

Enclosed is a copy of correspondence I have received from my constituent, Mr. A. M. Livingston, regarding the high rate of loan defaults by the government of Ghana.

I would appreciate any information your staff could provide with regard to this situation.

Please address any correspondence concerning this matter to the attention of Miss Debbie Kurila at the address listed below. Thank you for your assistance.

Sincerely,

  
JIM COURTER  
Member of Congress

JAC/chd  
enclosure



**Tifa**<sup>®</sup>

(C) LIMITED

**TIFA SQUARE**

Millington, New Jersey 07946, U.S.A.

Tel.: (201) 647-4570

Telex - 178098/178484

Cable: TIFA Millington

Facsimile No. 201-647-2517

October 6, 1987

World Bank  
1818 H Street N.W.  
Washington, D.C. 20433

Attn: President

Tifa LTD is a company specializing in the international field covering the areas of agriculture, public health and industrial applications. Recently this company was involved in a very disturbing relationship with the Government of Ghana who defaulted on its contractual obligations and commitments.

We are making you aware of this since this matter is now a matter of public litigation in the Federal Court in New Jersey. Tifa stands to lose approximately \$6 million dollars as a result of the initial transaction plus all accumulated costs and interest charges. This occurrence is a sad reflection by a government entity which periodically makes requests to international institutions including the World Bank for loans and for assistance. Frankly, we see no reason why an institution such as the World Bank, which is supported in part by US donations that come from US tax payer's funds, should consider the Government of Ghana worthy of any international financing or loans. In view of the Government of Ghana's terrible reputation for dealing with commercial companies and defaulting on its contractual and commercial obligations in the past, the Government of Ghana is not a worth borrower.

In delving in the legalities for this litigation, we have become aware of other suits brought against the Government of Ghana by U.S. companies, U.S. public utilities and other organizations in the United States. We strongly urge that you review your loan policy and consider these matters before considering. Tifa's legal counsel would be glad to make copies of the papers in this litigation available to your staff should they desire for your review.

Tifa realizes that there are other remedies to Tifa to register this objection to granting of any more loans to Ghana by exercising complaints to its Senatorial and Congressional representatives from the State of New Jersey. Tifa will welcome any diplomatic approaches that you can make with the Ghanaen Officials in this matter so that the irreparable harm that will be caused to Ghana by its past and present poor fiscal policy can be remedied. Tifa has worked closely with many of the people of Ghana. We have found them to be of high caliber and worthy of financial

**TIFA FOG GENERATORS • TIFACIDE CHEMICAL PROTECTANTS  
LARGE SCALE TREATMENT PROGRAMS**



support subject to the Government showing the proper financial restraints  
and commitment to the fulfillment of its financial obligations. We remain,

Yours truly,

TIFA (C.I.) LIMITED

A.M. Livingston

AML/110

cc: Senator Frank Lautenberg  
Senator Bill Bradley  
✓ Congressman Jim Courter  
Lowenstein, Sandler, Brochin, Kohl,  
Fisher, Boylan & Meanor



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 18, 1987

Dear Mr. Chairman:

Thank you for your letter regarding the illegal ivory trade in Africa.

As you indicate, the World Bank is placing increased emphasis on the effects of environmental considerations in economic development. We recognize that strong environmental conservation is central to sound development and we have formed an Environment Department and regional environmental units to deal with environmental concerns throughout our work.

The Bank shares your concern about the problem of illegal trade in ivory and the serious threat which this presents to elephant populations. Our institution is committed to preservation of biological diversity and this is a major responsibility of the Environment Department and regional units. In line with this commitment we recently supported a resolution urging compliance with the Endangered Species Convention (CITES); the resolution was adopted at the International Symposium on Wildlife Management in Sub-Saharan Africa held in Zimbabwe in October.

Concerning the issue of illegal ivory trade through Burundi, we are pleased to inform you that following the change in leadership in that country the Council of Ministers took early action to ban the illegal trade. This action was confirmed to our staff during policy discussions in October. In follow up discussions we have informed the Embassy of Burundi of your interest in the issue.

Some policy questions remain concerning the appropriate role of international institutions in acting upon agreements to which they are not party. Happily, in this particular case we were in a position to raise this issue, and we are pleased that the government involved has agreed to cooperate with the international community in halting such practices.

Sincerely yours,

(Signed) Barber B. Conable

Honorable Walter B. Jones  
Chairman, Committee on Merchant Marine and Fisheries  
U.S. House of Representatives  
Room 1334 Longworth House Office Building  
Washington, D.C. 20515



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 18, 1987

Dear Mr. Chairman:

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Sincerely yours,

(Signed) Barber B. Conable

Honorable Gerry E. Studds  
Chairman, Subcommittee on Fisheries and Wildlife  
Conservation and the Environment  
U.S. House of Representatives  
Room 237 Cannon House Office Building  
Washington, D.C. 20515



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 18, 1987

Dear Congressman Thomas:

Thank you for your letter regarding the illegal ivory trade in Africa.

As you indicate, the World Bank is placing increased emphasis on the effects of environmental considerations in economic development. We recognize that strong environmental conservation is central to sound development and we have formed an Environment Department and regional environmental units to deal with environmental concerns throughout our work.

The Bank shares your concern about the problem of illegal trade in ivory and the serious threat which this presents to elephant populations. Our institution is committed to preservation of biological diversity and this is a major responsibility of the Environment Department and regional units. In line with this commitment we recently supported a resolution urging compliance with the Endangered Species Convention (CITES); the resolution was adopted at the International Symposium on Wildlife Management in Sub-Saharan Africa held in Zimbabwe in October.

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Sincerely yours,

(Signed) Barber B. Conable

Honorable Lindsay Thomas  
U.S. House of Representatives  
431 Cannon House Office Building  
Washington, D.C. 20515



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

December 18, 1987

Dear Tony:

Thank you for your letter regarding the illegal ivory trade in Africa.

As you indicate, the World Bank is placing increased emphasis on the effects of environmental considerations in economic development. We recognize that strong environmental conservation is central to sound development and we have formed an Environment Department and regional environmental units to deal with environmental concerns throughout our work.

The Bank shares your concern about the problem of illegal trade in ivory and the serious threat which this presents to elephant populations. Our institution is committed to preservation of biological diversity and this is a major responsibility of the Environment Department and regional units. In line with this commitment we recently supported a resolution urging compliance with the Endangered Species Convention (CITES); the resolution was adopted at the International Symposium on Wildlife Management in Sub-Saharan Africa held in Zimbabwe in October.

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Sincerely yours,

(Signed) Barber B. Conable

Honorable Anthony C. Beilenson  
U.S. House of Representatives  
Room 1025 Longworth Office Building  
Washington, D.C. 20515



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

125WS  
2/11/87

ADVISOR  
V.D. B. WELCH  
DEPUTY CLERK  
RALPH CAVAS  
STAFF DIRECTOR  
JED PENCE  
CHIEF COUNSEL  
V.C. SMITH III

PONDANCE DATE : 87/11/23 DUE DATE : 87/12/15  
NUMBER : 871125013 FROM : Cong. Jones, et al  
SUBJECT : Congress--Cte on Merchant Marine & Fisheries: African Elephants.  
Illegal Ivory Trade in UAE and Burundi--  
ASSIGNED TO FOR ACTION : (3) External Affairs (E-8065)

W:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
✓ \_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC's SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

REMARKS : Ext. Aff. to coordinate response with PPR and Africa Region  
cc: Mr. Hopper and Mr. Qureshi

125WS - Ann/CI by  
Rajagopal



Mr. Barber B. Conable  
November 23, 1987  
Page Two

In 1986, a system of quotas established under CITES for the legal export of African elephant raw ivory went into effect. Under this regime, countries with elephant populations set annual raw ivory tusk export quotas based on sound management principles, and ivory importers would only accept ivory coming from those countries that comply with the CITES trade system. Unfortunately, this legal system has thus far been overshadowed by the illegal trade -- such that legal exports in 1986 were reported to account for less than 22 percent of total ivory exports.

As the illegal trade continues unabated, recent reports indicate that the African elephant population has declined by an estimated 36 percent since 1981. Burundi, which is not a member of CITES, has been identified as the main outlet for poached ivory from Africa to Asia. The ease with which poached ivory moves through Burundi has potentially grave economic consequences for Burundi's African neighbors with elephant populations who have been very critical of Burundi's activities. Kenya, for example, referred to Burundi's illegal trading activities at the Ottawa CITES meeting as the equivalent of an economic declaration of war.

In reaction to these developments, the Sixth meeting of the Conference of the Parties to CITES this year passed a resolution specifically condemning Burundi and UAE for their activities; such an action is particularly significant because the condemnation of a specific country by resolution has only occurred once before in the history of the Convention.

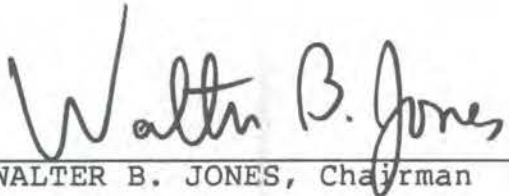
In view of this critical situation as well as the World Bank's increasing emphasis on the importance of sound environmental and conservation practices in development, we urge you to take into account Burundi's illegal activities in your consideration of proposals to provide additional financial assistance to that country. A weak international response in dealing with illegal entrepot states like Burundi only increases the likelihood that more drastic measures will be taken to conserve the African elephant. Such measures might penalize those African nations that have complied with the international quota system and taken steps to control their resident populations and the illegal ivory trade. In fact, a bill (H.R. 2999) that would ban the importation of worked African elephant ivory into the United States has already been introduced in the House of Representatives with a large number of cosponsors -- indicating a growing sense of frustration and concern over the precipitous decline of the African elephant. Therefore, we urge you to use whatever means are at your disposal to encourage Burundi to comply with the international system of ivory trade controls and to cease their trade in illegal ivory.

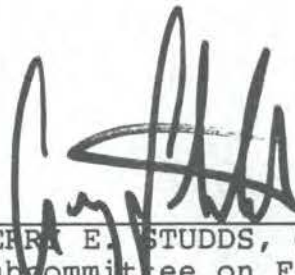



Mr. Barber B. Conable  
November 23, 1987  
Page Three

We are also writing to the United States Representatives to both the World Bank and the African Development Bank, as well as to the President of the African Development Bank, about our concerns regarding the African elephant. Thank you for your kind attention to this matter, and we look forward to working with you to save this important species from further decline and possible extinction.

Sincerely,

  
WALTER B. JONES, Chairman

  
GERY E. STUDDS, Chairman  
Subcommittee on Fisheries  
and Wildlife Conservation  
and the Environment

  
LINDSAY THOMAS  
Member of Congress

  
ANTHONY C. BEILENSEN  
Member of Congress

  
BOB KASTEN  
United States Senate

Enclosures



THE WORLD BANK  
Washington, D.C. 20433  
U.S.A.

BARBER B. CONABLE  
President

January 13, 1988

The Honorable David R. Obey  
Chairman, Subcommittee on  
Foreign Operations Appropriations  
United States Congress  
House of Representatives  
Washington, DC 20515

Dear David:

Thank you for your letter of December 18, 1987 regarding staffing of the Bank's environmental work program.

At the time of the reorganization, it was announced that about 48 staff positions would be created in those units which have formal responsibility for environmental matters, namely, the central Environment Department and the four Regional units. Permanent staff positions currently authorized for the Environment Department number 23, and for the four Regional units a total of 22. Permanent staff already recruited total 36 and consist of: 2 environmental management experts; 5 ecologists/biologists; 10 economists; 1 lawyer; 4 land use/geographic information systems specialists; 5 environmental engineers; 1 forester; 2 agronomists; 5 anthropologists; and 1 generalist.

In addition to the above, funds have been authorized for the employment of an equivalent of 18 full time consultants (roughly equally divided between the Environment Department and the Regional units). In effect, therefore, the Environment Department and the Regional units have a total of about 63 staff resources at their disposal.

The Bank's environmental effort is of course not limited to the units with formal responsibility in this area. If we include staff working on environmental issues throughout the Operations Complex and in other sector departments who work on these issues, we estimate that well over 100 staff years annually are devoted to environmental work.

At the present time, 9 permanent staff vacancies remain to be filled. Actual plus planned recruitment of permanent staff from outside the Bank following the reorganization is expected to be about 15. Combined with the provision for consultants, therefore, we will rely heavily upon external sources for the additional skills required for our environmental work. The range of skills to be obtained will be similar to that of the permanent staff members already recruited, although the consultant budget will be used as appropriate to hire certain highly specialized expertise.



The Honorable David R. Obey

- 2 -

January 13, 1988

The number of staff and consultants now employed in the Environment Department and the Regional units represents a significant increase in the effort devoted to this critically important topic. I believe that at this point, the size of the increase is appropriate. I will, however, be monitoring the performance of our environmental work over the coming months to determine whether further changes are needed.

I hope you find this information useful.

Sincerely,

(Signed) Barber B. Conable

Barber B. Conable  
President

JJWarford/mpv



WORLD BANK OTS SYSTEM  
OFFICE OF THE PRESIDENT

CORRESPONDANCE DATE : 87/12/18 DUE DATE : 88/01/15  
LOG NUMBER : 871230002 FROM : David Obey (MOC)  
SUBJECT : Disturbed to learn that WB is reducing number of environmental  
staff positions. Giving some suggestions and thoughts.  
OFFICE ASSIGNED TO FOR ACTION : Mr. Hopper (D-1202)

ACTION:

\_\_\_\_ APPROVED  
\_\_\_\_ PLEASE HANDLE  
\_\_\_\_ FOR YOUR INFORMATION  
\_\_\_\_ FOR YOUR REVIEW AND RECOMMENDATION  
\_\_\_\_ FOR THE FILES  
\_\_\_\_ PLEASE DISCUSS WITH \_\_\_\_\_  
✓ \_\_\_\_\_ PLEASE PREPARE RESPONSE FOR BBC'S SIGNATURE  
\_\_\_\_ AS WE DISCUSSED  
\_\_\_\_ RETURN TO \_\_\_\_\_

COMMENTS : "Dear David"

The Honorable David R. Obey

cc: EXT



DISTRICT, WISCONSIN

DISTRICT OFFICE:  
FEDERAL BUILDING  
317 FIRST STREET  
WAUSAU, WI 54401  
PHONE: 715-842-5606

DISTRICT REPRESENTATIVE:  
JERRY MADISON

FIELD REPRESENTATIVE:  
MARTIN HANSON

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

## SUBCOMMITTEES:

CHAIRMAN:  
FOREIGN OPERATIONS AND  
EXPORT FINANCING

MEMBER:  
LABOR-EDUCATION, HEALTH  
AND HUMAN SERVICES

MEMBER:  
LEGISLATIVE

## JOINT ECONOMIC COMMITTEE

## WASHINGTON OFFICE:

2217 RAYBURN HOUSE OFFICE  
BUILDING

PHONE: 202-225-3365

EXECUTIVE ASSISTANT:  
LYLE STITT

December 18, 1987

Barber B. Conable, President  
International Bank for Reconstruction & Development  
1818 H Street, N.W.  
Washington, D. C. 20433

Dear Mr. Conable:

I was deeply distressed to learn that the World Bank anticipates reducing the number of professionals assigned to environmental issues. I strongly urge you to reverse that decision and to begin a phased program of increasing the number of environmental staff experts to a level that is adequate to undertake the tasks that we all agree are desirable for purposes of improving the environmental assessments and quality of Bank projects.

The announcement in May of this year of the creation of a new, top-level Environment Department at the Bank was very welcome. As you know, the Appropriations Committees of both Houses of Congress have been troubled for more than three years by environmental problems accompanying Bank loans such as those for the Polonoroeste project in Brazil and a cattle development project in Botswana. Testimony received by the House Appropriations Subcommittee on Foreign Operations plainly demonstrated the need for substantial increases in environmental experts at the Bank, both to assure adequate screening of loan proposals that may have questionable environmental impacts and to establish an affirmative lending program to help developing countries cope with ecological problems.

The Congress, in its 1988 appropriations for foreign operations, included specific directions to multilateral development banks to strengthen professional staff with expertise related to environmental matters.

After the Bank's recent reorganization and the creation of the Environment Department, it was our understanding from a briefing by Mr. Jeremy Warford, Acting Director of the Department, to Congressional staff that approximately 100 people with environmental expertise would be assigned to work in that area. Subsequent announcements indicated that the Bank intended to create some 48 positions for environmental professionals. Now, according to reports from the United States Department of the Treasury, that number may be reduced by seven or more.

We further understand that a freeze on hiring for the Bank will be lifted January 1, 1988. Therefore, we would be interested to know what steps the Bank is taking to increase its staff with respect to environmental concerns expressed by Congress, specifically:

- How many new positions will be created for full-time Bank employees?



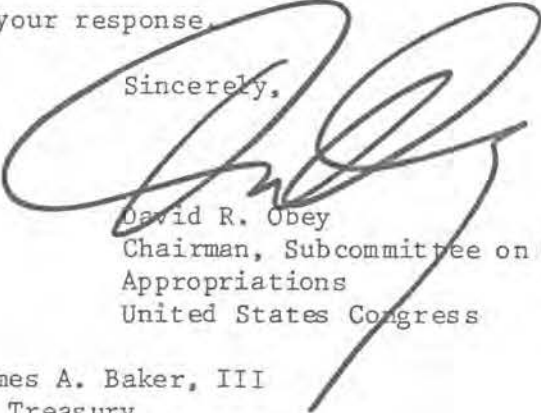
- How many of the positions are being filled by present Bank employees, and what are their titles and skills?
- How many consultants are expected to be hired?
- What are the job description categories for the positions created in this area?
- What is the total number of positions created?
- Does the Bank believe that the newly-assigned positions will provide adequate staff to address the environmental concerns that we all share?

The assignment of some 48 persons as staff addressing environmental matters represents fewer than two percent of the total Bank professional staff, I understand, and the Environment Department is one of the Bank's smallest at present.

It would be my hope that the Bank would give special attention to filling the staff needs in this area sufficiently so that it can address the problems and meet the desired goals expressed by Congress and others.

I look forward to your response.

Sincerely,



David R. Obey  
Chairman, Subcommittee on Foreign Operations  
Appropriations  
United States Congress

cc: The Honorable James A. Baker, III  
Secretary of the Treasury

Jeremy J. Warford  
Acting Director, Environment Department



**International Finance Corporation**

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: CORINTFIN

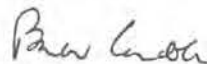
January 14, 1988

Dear Bill:

Thank you for your letter of December 18th regarding WTD's proposed tuna and swordfish fisheries project in Uruguay. From your constituent's point of view, I can understand why time is of the utmost importance. I have asked the IFC to consider this in its review.

IFC's preliminary opinion is that the project appears to be financially and economically attractive; and IFC would give favorable consideration to financing this proposal, if a number of outstanding issues can be resolved satisfactorily. I have asked the Director of the Investment Department in IFC to convey these outstanding issues to you directly so that this project can move forward as soon as possible.

Sincerely,



The Honorable Bill Lowery  
United States House of Representatives  
Washington, D.C. 20515



**International Finance Corporation**

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: CORINTFIN

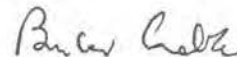
January 14, 1988

Dear Representative Callahan:

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Sincerely,



The Honorable Sonny Callahan  
United States House of Representatives  
Washington, D.C. 20515



## 10

DUE DATE : 88/01/08

FROM : R. Shelby, P. Wilson

OFFICE ASSIGNED TO FOR ACTION : Mr. Ryrie (1 12100)

✓

RETURN TO \_\_\_\_\_

The Honorable \_\_\_\_\_ Dear Congressman/Senator

Coming up on 1/13.



**Congress of the United States**  
**Washington, DC 20515**

December 18, 1987

The Honorable Barber Conable  
President  
The World Bank  
2828 H Street, N.W.  
Washington, D. C. 20433

Dear Barber:

We are writing you with respect to the Marine Resource Development Project sponsored by World Tuna Development, Limited (WTD) which is presently under consideration by the International Finance Corporation (IFC). Outside financing for the project is being sought jointly from IFC and the Overseas Private Investment Corporation (OPIC). The remainder of the funding for this project will be provided by WTD. It is our understanding that the principals of WTD met with officers of IFC and OPIC in Washington on December 7 to review technical aspects of the project.

The project envisions the eventual establishment of the industrial components of a tuna fishing and marine resource development program in the Republic of Uruguay. The proponents of the project are recognized leaders and experts of the United States tuna industry. Bender Shipbuilding & Repair Co., Inc., a key builder of fishing vessels located in Mobile, Alabama, would convert ships for the project.

The project has been investigated and researched over the past 18 months. In addition to the funds expended by WTD, research expenses for this project have been supplied, in part, by public funding from both the United States and the Republic of Uruguay. The documentation through the various stages of the project has been extensive and has been given to the financial institutions on a continuing basis as it has become available.

Time is critical to the successful implementation of the project. WTD's research reveals that swordfish, a high value product in international markets and a main source of the projected revenues of the project, is present in Uruguayan waters in significant quantities during the period of June to September of each year. The conversion and delivery time of the fishing vessels is estimated at four months.



Honorable Barber Conable  
December 18, 1987  
Page two

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IFC requested further information during the meeting. We have been informed that WTD supplied the information where it could be quantified or clearly defined. WTD believes much of the information is of a theoretical or rhetorical nature.

A costly delay by IFC, as it was proposed at the December 7 meeting, diminishes the chance to benefit from the project this season and may jeopardize the whole project plan. We would like to see this project get off the ground. Not only will it provide needed jobs and exports for the U.S., but it will also offer a positive boost to the Uruguayan economy.

We thank you for your attention to this matter and your guidance in the furtherance of this project.

Sincerely,



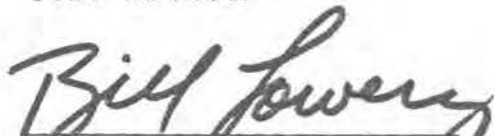
Richard C. Shelby  
U.S. Senator



Pete Wilson  
U.S. Senator



Sonny Callahan  
U.S. Representative  
1st District, Alabama



Bill Lowery  
U.S. Representative  
41st District, California



Mr. Conable

International Finance Corporation

1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: CORINTFIN

COPY

January 22, 1988

The Honorable Bill Lowery  
United States House of Representatives  
Washington, D.C. 20515

Dear Representative Lowery:

Re: World Tuna Development Limited (WTD)

Mr. Conable has asked me to respond to your letter of December 18 inquiring as to IFC's position on WTD's proposed tuna and swordfish fisheries project in Uruguay.

On the basis of the information submitted by WTD and the results of the discussions held with the sponsors on December 7, 1987, the project appears to have good economic and financial merits and IFC would be able to give favorable consideration to assisting in the financing of the project provided a number of outstanding issues are resolved satisfactorily. These are:

- (i) Confirmation of the Size of the Fish Resource: The tuna and swordfish catch in Uruguay peaked in 1984 and since then appears to have declined about 50%, based on preliminary 1986 statistics. Reasons for the decline as well as more complete 1986/87 data need to be obtained and evaluated before IFC can determine with a reasonable degree of certainty that there is likely to be a sufficient resource base to support the proposed project and to provide the revenues necessary to service the financing proposed to be raised for the project.
- (ii) Identification of a Local Partner: WTD still has not begun to actively seek out an Uruguayan partner which IFC believes and WTD agrees would be essential for developmental purposes and for maintaining relations with the government and the local labor unions, the cooperation of which is critical to the success of the project.
- (iii) Obtaining of Government Approvals: WTD still has to obtain at least the preliminary approval of the Uruguayan Government regarding: (a) the licenses required for implementation and operation of the fishing project; and (b) the proposed local and foreign crewing arrangements for the fishing vessels.
- (iv) Definition of Corporate Structure: The corporate set-up between the U.S. and Uruguayan entities which would be involved in implementing and operating the project needs to be clearly defined so that the financial and economic benefits to Uruguay from the fishing operations can be clearly assessed.



All of these points were discussed over the past several months with the sponsors' financial/legal counsel who has been in charge of coordinating relations with, and submitting interim documentation to, IFC. A complete business plan for the project (including detailed capital costs, marketing study, and financial projections) was received by IFC in early November 1987. This was reviewed in detail by IFC and by an outside fishing consultant hired by IFC to advise it on the technical aspects of the project. This review led, at IFC's request, to the December 7 meeting in Washington which included WTD's financial/legal counsel as well as two of the technical partners for the project. The above points were raised again at this meeting. This appears to have caused some disappointment to WTD's technical representatives who may have assumed that IFC was ready to go ahead with the project prior to resolution of these key issues.

At the December meeting, it was agreed that the sponsors would visit Uruguay during January 1988 (now delayed until February 1988, according to WTD's financial/legal counsel) in order to make further progress in resolving the points listed above. Thereafter, depending on the results of this trip, IFC agreed that it would appraise the project at an early date. At no time during the December meeting did the sponsors indicate that, as mentioned in your letter, a funding decision by IFC would be required by February 1988. Indeed, such a timetable would be impossible given the time that will be required by the sponsors to identify and firm up the participation of local partners and to obtain Government assurances on the necessary approvals and licenses for the project. Moreover, IFC's own processing of the project, from field appraisal through to presentation to IFC's Board, will require about 3 months. The sponsors were informed of this during the December meeting and did not, at that time, indicate that such a timetable would not be acceptable.

With respect to OPIC's participation in the project, your letter stated that a decision was expected to be reached by OPIC's credit committee by end-December, 1987. We understand from OPIC staff that the credit committee (which is now scheduled for mid-January 1988) is only the first stage of OPIC's project processing cycle at which OPIC management would decide whether further analysis/approval of the project is warranted. According to OPIC staff, once the credit committee's go-ahead has been received, appraisal and final presentation of a project to OPIC's finance and investment committees would normally take about 2 months. In the WTD case, however, OPIC staff have indicated that the actual timetable for OPIC consideration of the project could be somewhat longer, given the need to resolve the outstanding issues listed in the first paragraph of this letter to which final approval of OPIC financing for the project would likely be tied.

Your letter also mentions that IFC had asked the sponsors for a non-reimbursable fee at the rate of US\$1,500 per day to cover IFC's processing costs for the project. This is correct, except that the fee was not expressed to be, and is not, "non-reimbursable". IFC always



January 22, 1988

charges fees as part of the terms of a loan. In addition, however, we often charge fees at the appraisal stage in an attempt to cover our costs if the loan does not proceed for reasons outside IFC's control. In the WTD case such fees are particularly appropriate, given the issues listed at the beginning of this letter, since IFC would be carrying out the appraisal work before we could be confident that the project would proceed. We warned the Sponsors of this. They were, however, also told that the fee would not be charged if the project proceeded and a loan agreement was signed up.

Finally, your letter mentions that the sponsors felt that much of IFC's information requests were of a theoretical or rhetorical nature. Quite the contrary is true. IFC believes that issues of the adequacy of the tuna/swordfish resource, involvement of local sponsors, government approvals, and the legal set-up for the project entity and the consequent economic benefits to Uruguay to be fundamental to the financial and developmental viability of the project. Indeed, as previously mentioned, the sponsors have agreed that a trip to Uruguay in February is necessary in order to achieve some progress on these matters.

I hope that this information will answer the major concerns contained in your letter. I can assure you that IFC shares the sponsors' interests in seeing this project going ahead. At the same time, it must act with due diligence to ensure that, prior to giving formal consideration to any IFC financing, the project's commercial and technical risks are fully appraised and that the project is structured in such a manner so that all parties, including the host country, participate equitably in the economic benefits the project would generate.

Sincerely yours,



Guillermo Schultz  
Director

Department of Investments  
Latin America and Caribbean II

cc: Mr. J. Shelton Baxter  
World Tuna Development Limited

cc & cw: Mr. d'Adhemar  
cc: Messrs. Conable, Ryrie, Parmar,  
Santos, Greig, Yang,  
Nissen

SGreig:vlm



**International Finance Corporation**

1818 H Street, N.W.  
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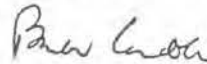
January 14, 1988

Dear Bill:

Thank you for your letter of December 18th regarding WTD's proposed tuna and swordfish fisheries project in Uruguay. From your constituent's point of view, I can understand why time is of the utmost importance. I have asked the IFC to consider this in its review.

IFC's preliminary opinion is that the project appears to be financially and economically attractive; and IFC would give favorable consideration to financing this proposal, if a number of outstanding issues can be resolved satisfactorily. I have asked the Director of the Investment Department in IFC to convey these outstanding issues to you directly so that this project can move forward as soon as possible.

Sincerely,



The Honorable Bill Lowery  
United States House of Representatives  
Washington, D.C. 20515



→ File Word 56 Tuna  
cc Yang.  
Nissen

DUE DATE : 88/01/08

FROM : R. Shelby, P. Wilson

SUBJECT : Re: Marine Resource Dev. Project by World Tuna Dev. Limited (WTD  
presently under consideration by IFC.

OFFICE ASSIGNED TO FOR ACTION : Mr. Ryrle (I 12100)

Mr. Schultz

APPROVED \_\_\_\_\_  
PLEASE HANDLE \_\_\_\_\_  
FOR YOUR INFORMATION \_\_\_\_\_  
FOR YOUR REVIEW AND RECOMMENDATION \_\_\_\_\_  
FOR THE FILES \_\_\_\_\_  
PLEASE DISCUSS WITH \_\_\_\_\_  
✓ PLEASE PREPARE RESPONSE FOR BBCS SIGNATURE \_\_\_\_\_  
AS WE DISCUSSED \_\_\_\_\_  
RETURN TO \_\_\_\_\_

CC: EXT

Note: One letter in reply to each signatory.

The Honorable \_\_\_\_\_ Dear Congressman/Senator \_\_\_\_\_

Mr Schults.

Diving a quick look  
 up & call for

Mr. Santos

could you please have someone prepare a draft answer letter?

Tu. 5.5



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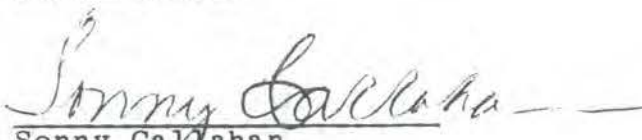
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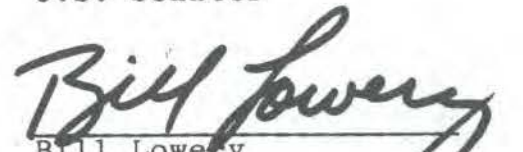
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Sincerely,

  
Richard C. Shelby  
U.S. Senator

  
Sonny Callahan  
U.S. Representative  
1st District, Alabama

  
Pete Wilson  
U.S. Senator

  
Bill Lowery  
U.S. Representative  
41st District, California



**Congress of the United States**  
**Washington, DC 20515**

December 18, 1987

The Honorable Barber Conable  
President  
The World Bank  
2828 H Street, N.W.  
Washington, D. C. 20433

Dear Barber:

We are writing you with respect to the Marine Resource Development Project sponsored by World Tuna Development, Limited (WTD) which is presently under consideration by the International Finance Corporation (IFC). Outside financing for the project is being sought jointly from IFC and the Overseas Private Investment Corporation (OPIC). The remainder of the funding for this project will be provided by WTD. It is our understanding that the principals of WTD met with officers of IFC and OPIC in Washington on December 7 to review technical aspects of the project.

The project envisions the eventual establishment of the industrial components of a tuna fishing and marine resource development program in the Republic of Uruguay. The proponents of the project are recognized leaders and experts of the United States tuna industry. Bender Shipbuilding & Repair Co., Inc., a key builder of fishing vessels located in Mobile, Alabama, would convert ships for the project.

The project has been investigated and researched over the past 18 months. In addition to the funds expended by WTD, research expenses for this project have been supplied, in part, by public funding from both the United States and the Republic of Uruguay. The documentation through the various stages of the project has been extensive and has been given to the financial institutions on a continuing basis as it has become available.

Time is critical to the successful implementation of the project. WTD's research reveals that swordfish, a high value product in international markets and a main source of the projected revenues of the project, is present in Uruguayan waters in significant quantities during the period of June to September of each year. The conversion and delivery time of the fishing vessels is estimated at four months.