

Exon-Hatfield amendment by the opponents that what the true findings of the JASON report are might study it, might change their minds.

I hope certain Members will reconsider their positions in light of this clarification and vote to overturn the committee provisions at some time in the future.

To protect that possibility I must re-emphasize once again that I will do everything reasonably within my power to make certain that that is not authorized, the \$50 million is not authorized as the JASON committee and others say it is not necessary. It is a waste of money.

So I thought I had the obligation tonight, since I just found out about this, to advise the Senate and especially the two leaders of the Appropriations Committee, whom I have great respect for, because I did not want to blindside them.

I yield the floor.

EXHIBIT 1

[From the Washington Post, Aug. 9, 1995]

PHYSICISTS SAY SMALL NUCLEAR TESTS BACKED BY SENATE ARE UNNECESSARY

(By R. Jeffrey Smith)

A group of eminent U.S. physicists and nuclear weapons designers has concluded that the military has neither a "present nor anticipated" need for the small nuclear weapons tests that a Senate majority voted last week to spend \$50 million to prepare for.

The scientific group concluded after a six-week study for the Department of Energy that conducting the small explosions would not add measurably to the safety and reliability of the U.S. nuclear arsenal, which the scientists said has been solidly established by more than 1,000 test nuclear explosions.

"The United States can, today, have high confidence in the safety, reliability, and performance margins of the nuclear weapons that are designated to remain in the enduring stockpile," said a summary of the group's report. It was signed by several of the country's veteran bomb designers under the auspices of JASONS, a group of academic scientists who consult for the government on national problems.

The report, which has been presented to Secretary of Defense William J. Perry, Secretary of Energy Hazel R. O'Leary and other top administration officials, was issued during a growing debate in Congress and within the administration over the merits of additional nuclear testing.

The Clinton administration has been unable for months to decide whether to propose additional nuclear tests, due to disagreement between testing proponents at the Pentagon and opponents at the Energy Department, Arms Control and Disarmament Agency, and the office of the White House science adviser.

On Friday, the Senate voted 56 to 44 to keep \$50 million to prepare for so-called hydronuclear tests, even though the administration has said it does not plan to conduct any during 1996.

Proponents of additional nuclear testing, largely from the Republican majority, have argued that more explosions are needed to ensure that weapons remain safe and reliable. The administration, in negotiations being conducted in Geneva on a global accord barring all nuclear testing, has similarly insisted on the right to continue setting off extremely small-scale nuclear explosions for the purpose of maintaining the U.S. arsenal.

The group's report was endorsed by four of the principal designers of the U.S. nuclear arsenal: John Kammerdiener and John Richter of the Los Alamos National Laboratory in New Mexico, Robert Peurifoy of the Sandia National Laboratories in New Mexico, and Seymour Sack of the Livermore National Laboratory in California.

The 14-member group also included noted Princeton physicist Freeman Dyson, IBM scientist Richard Garwin, University of California physicist Marshal Rosenbluth and Stanford physicist Sidney Drell, each of whom has worked on aspects of U.S. nuclear weaponry for more than three decades.

Besides challenging the merits of the hydronuclear tests, which would have an explosive yield equivalent to about 4 pounds of TNT, the report also challenges the prevailing Pentagon view that conducting larger nuclear explosions is also essential to ensuring that U.S. nuclear weapons will continue to operate.

It states that while such tests would doubtless provide interesting data, the country should pursue other, better routes to maintaining the nuclear arsenal, such as supporting an extensive program of weapons surveillance and a "significant industrial infrastructure" to maintain aging weapons components.

The summary stated that the group's detailed findings "are consistent with [a] U.S. agreement to enter into a Comprehensive Test Ban Treaty (CTBT) of unending duration" provided that the treaty allows the country to withdraw if warranted by "supreme national interest."

"I believe that this study represents the views of a very diverse and experienced scientific community," said Drell, the panel's chairman.

Mr. STEVENS. We are awaiting temporarily for what we would call the wrap-up.

So I ask, as in morning business, Mr. President, to make this statement.

MORNING BUSINESS

(During today's session of the Senate, the following morning business was transacted.)

COMMUNITY INVESTMENT PROGRAM

Mr. BAUCUS. Mr. President, while efforts to address the needs of our less-developed communities have often come up short, innovation from the private sector has been instrumental in locating problems and providing successful solutions. Past experience shows that successful community development can only be achieved through an equal partnership between the public and private sector.

Each year, on behalf of the Federal Housing Finance Board [FHFB] and Federal Home Loan Bank System [FHLBS], 12 financial institutions from around the country are recognized for exemplary efforts in the revitalization of America's communities. I am pleased to announce that three financial institutions in Montana that are part of Glacier Bancorp, Inc. have been chosen by the Federal Home Loan Bank of Seattle to receive the Community Partnership Award for 1995. They include Glacier Bank, F.S.B. of Kali-

spell, the First National Bank of Whitefish, and the First National Bank of Eureka.

Glacier Bank and its two affiliates were recognized for developing innovative ways of using the Affordable Housing Program [AHP] and the Community Investment Program [CIP] funds to create homeownership opportunities for low- and moderate-income families, and for working with numerous non-profit partners and local governments to help meet community needs.

These institutions hold \$84 million in regular advances and have used Federal Home Loan Bank funding programs to assemble a full range of single and multifamily loan products, many of which would not have been possible without FHLB funding. In addition, they also used advances to match fund their FHA/VA loans and developed a portfolio loan product called BOB that is also funded with advances.

While using the Affordable Housing Program, Glacier Bancorp, Inc., and its institutions have sponsored three successful AHP projects receiving \$301,000 in targeted grants. Glacier Bank and the city of Kalispell are responsible for devising an innovative financing package to preserve an apartment complex in downtown Kalispell for very low-income and homeless individuals. Under the same program, Glacier Bank was awarded AHP funds for a homeownership project to help low- and moderate-income households purchase homes in distressed neighborhoods. Without Glacier's commitment to relax their underwriting standards for these homes, the project would not have been possible. These projects will create affordable housing for 64 households.

Under the Community Investment Program, the institutions have used \$17 million in CIP funds for homeowner programs benefiting 3000 households.

These examples of civic responsibility and the spirit of community are only a few of Glacier Bancorp, Inc. efforts to create affordable housing for less developed communities. This institutions' achievements should serve as a reminder of what is possible when the private sector acts locally in an innovative alliance with the Government.

INCOME TAX TREATIES

Mr. DORGAN. Mr. President, today I rise to share my thoughts about several income tax treaties now pending before the Senate. I'm very much opposed to the income tax treaties that are now awaiting action in the Senate. But my opposition stems more from the Treasury Department's stated interpretation of the pending treaties than the actual language in the treaties themselves.

Treasury Department officials interpret one article in each of these treaties as preventing the United States from scrapping its outdated arm's length enforcement approach on corporate income tax and replacing it

with the simple and time-proven formula method, which is now the norm between the States. In my judgment, this interpretation by the Treasury Department is wrong-headed and is ill-advised.

I believe that the Federal Government is losing billions of dollars in revenues because the IRS uses the so-called arm's-length method to enforce our corporate tax laws. In my judgment, this IRS enforcement tool is unworkable and results in massive tax avoidance by international firms operating here. It keeps our tax officials in the Dark Ages as they work to ensure that multinational firms doing business here pay their fair share of U.S. taxes.

There is evidence to suggest a massive hemorrhaging of tax revenues because of transfer pricing abuses and because of the flawed arm's-length pricing method employed by the IRS. The General Accounting Office [GAO] has reported that more than 73 percent of the foreign firms doing business in this country pay no U.S. taxes, despite generating hundreds of billions of dollars in revenues every year.

There are also several independent studies of the problem that estimate U.S. revenue losses ranging from \$2 billion to \$40 billion a year. I happen to think that this country is losing between \$10 and \$15 billion in revenues from foreign-based firms alone. But I recognize that there hasn't been a comprehensive and official government study that attempts to pinpoint the true size of the U.S. tax gap caused by transfer pricing abuses and to map out the best approach to plug the gap.

I have in recent days been working with Treasury officials on this matter. In response to my request, Treasury Department has now agreed to formally conduct a joint conference and study with the State governments to evaluate the U.S. tax revenues lost due to transfer pricing abuses, especially from foreign firms doing business in the United States. In addition, this initiative will examine the issue of implementing a Federal formulary apportionment system to enforce our international tax laws.

This joint Treasury/State initiative will, I hope, finally answer the questions of how much money we are now losing from transfer pricing abuses, and how we can take steps to prevent it.

COSPONSORSHIP OF S. 1120, AS AMENDED

Mr. DOMENICI. Mr. President, I ask that my name be added as a cosponsor to S. 1120, the Work Opportunity Act of 1995. I want to congratulate the distinguished Republican leader and his chief of staff for all the hard work and effort they have devoted to producing a welfare reform bill this year.

Many years ago a distinguished professor wrote a book entitled: "Why Welfare is so Hard to Reform." That

was nearly 25 years ago. Reforming our welfare system has not gotten any easier over that time period as the Republican leader has surely discovered.

Let me be clear, I know that there are issues that still have not been fully resolved in Leader DOLE's bill. I continue to be concerned about some of those issues and during the upcoming recess I will meet with New Mexicans who have, like I, concerns about child care and other provisions in the bill. I reserve the right to recommend further changes to the bill and offer amendments to it when we begin consideration in September.

But I support the major principles embodied in the leader's proposal and therefore am pleased to cosponsor the legislation today. I support first and foremost the principle that we must break the cycle of dependency in our current welfare system, and we should strive to help those who are trapped in this system break the bonds of dependency.

I support the principle that States should be provided flexibility in designing programs that best serve needy individuals and families in their individual States.

I support the principle that those who receive assistance should seek work and that employment of welfare recipients should increase significantly from the low levels that now exist in many States. I support the principle that States should be allowed to terminate benefits when those who are required to work—refuse work.

I support the principle that single parents with young children should not be penalized if they are unable to find work and particularly if affordable child care services are not available to them. I support the principle that individuals seeking to better their lives through vocational education and training should be encouraged in their vocation in order to avoid dependency later in their lives.

I support the principle that the Federal Food Stamp Program and School Lunch Program should continue as Federal entitlement programs so as to provide a basic nutrition safety net to all low-income families and their children.

Finally, I believe that we can reform our welfare system based on these principles, protect those most in need of assistance, and at the same time do this while achieving some savings to hard-pressed State and Federal budgets. The Dole bill does all these things and at the same time begins a down payment on the Federal deficit. A Federal deficit that is the biggest sign of dependency and the biggest threat to the creation of jobs for all Americans—particularly the poor. We will not turn our backs on those down on their luck, but we will not give a handout when what is needed is a hand-up.

Welfare reform is a contentious issue. What we do here needs to be done carefully, and that is why I have made recommendations to the leader and others

to modify S. 1120 in ways that I think will improve it. I may have other recommendations once I meet with people in my State. But for today I congratulate the Republican leader and offer my support to reform the welfare system based on the broad principles encompassed in the Work Opportunity Act of 1995.

SECURITIES LITIGATION REFORM SETTING THE RECORD STRAIGHT

Mr. DOMENICI. Mr. President, in June, we passed S. 240, the Private Securities Litigation Reform Act of 1995 by a 69-to-30 margin. It started out as a Domenici-Dodd bill with 51 cosponsors and then Chairman D'AMATO and the Banking Committee worked hard to improve it. It is a bill supported by Senators with vastly differing political philosophies. Senators KENNEDY, MIKULSKI, HARKIN, HELMS, GRAMM, and LOTT were among the 69 Senators voting for the Senate bill.

Mr. President, I am going to spend time discussing some of the misstatements about this bill, but first I want to tell you that 69 Senators voted for this bill because it is good for our economy and job creation, for our capital markets and all investors.

Mr. President, S. 240 creates a better system for investors 12 ways:

First, S. 240 requires that investors be notified when a lawsuit has been filed so that all investors can decide if they really want to bring a lawsuit. Frivolous shareholder suits hurt companies by diverting resources from productive purposes, and thus, harm shareholders. The shareholder-owners of the company, not some entrepreneurial lawyer, should decide if a lawsuit is necessary. Most investors know that stock volatility is not stock fraud, yet a stock price fluctuation is all that lawyers need to file a case.

Second, the bill puts lawyers and clients on the same side. By changing the economic incentives behind bringing and settling these suits, investors will benefit.

Third, it reforms an oppressive liability so that companies can attract capable board members, and hire the best accountants, underwriters, and other professionals. The two-tier liability system contained in the bill is perhaps the most misunderstood provision of the bill. I will go through the details later in my speech.

Fourth, the bill prohibits special \$15,000 to \$20,000 bonus payments to named plaintiffs. These side-agreements between lawyers and their professional plaintiffs are unfair to shareholders not afforded the opportunity to act as the pet plaintiff. By prohibiting bonus payments, the bill will put more money in the pockets of all aggrieved investors. It stops brokers from selling investors' names to plaintiffs' lawyers. This practice is at least unethical, and should not be part of our judicial system.