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23 December 1985

MEMORANDUM FOR: Counsel/DDO
Chief, Counterintelligence Staff/DO
Deputy Chief, Intelligence Community Affairs/OGC

STAT FROM: [redacted]
Deputy Chief, Legislation Division/OLL

SUBJECT: Amendment of the Foreign Missions Act to Include "commercial entities" (H.R. 1947)

1. Attached for your review and comment is a bill introduced by Senator Durenberger and cosponsored by Senator Leahy, to amend the Foreign Missions Act. Specificially, S. 1947 would expand the coverage of the Foreign Missions Act (FMA) to include commercial entities. If the bill becomes law the restrictions that now apply to official missions would apply to foreign commercial entities.

2. Under the new law, the Secretary of State would have the authority to control foreign commercial endeavors in the United States that may pose a threat to our national security. It has not been uncommon for Soviet bloc countries to use "commercial cover" for intelligence purposes. Imposition of foreign mission type controls on foreign commercial entities would alleviate somewhat the counterintelligence threat.

3. Please provide your comments in writing or by phone
STAT [redacted] by 21 January 1986.

STAT [redacted]

Attachment
as stated

Distribution:
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STAT OLL/LEG: [redacted] (pap): 23 December 1985

other Senators to join me in sponsoring this bill.

Mr. President, I ask 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. 1945

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That such amounts as may be necessary of the Polish currencies held by the United States which have been generated by the sale to Poland of surplus United States dairy products shall be available for construction and renovation projects to be undertaken in Poland under the auspices of the Charity Commission of the Polish Catholic Episcopate for the benefit of handicapped and orphaned children. Such currencies may be utilized without regard to the requirements of section 1306 of title 31, United States Code, or any other provision of law.●

By Mr. WEICKER:

S. 1946. A bill to designate the West Branch of the Farmington River as a study area for inclusion in the National Wild and Scenic Rivers System, and for other purposes; to the Committee on Energy and Natural Resources.

FARMINGTON WILD AND SCENIC RIVER STUDY ACT

Mr. WEICKER. Mr. President, Connecticut ranks fourth among the 50 States in population density, with 647 residents per square mile. Nobody would expect with this population density there could be significant area classified as wild or scenic. Yet in the midst of this urban center, only 12 miles from Hartford, CT's second largest city, there lies a river, the Farmington, that possesses a unique diversity of natural, cultural, historic, and recreational features.

Due to the unique features of the Farmington, the National Park Service included three segments of the river in the Nationwide Rivers Inventory in 1980. The inventory determines which rivers and river segments are eligible for study and inclusion in the National Wild and Scenic Rivers System. By including the Farmington River, the Park Service recognized the unique resources that demonstrate the river to be of national significance and worthy of conservation.

Among the river's resources are its white water rapids and gorges, undeveloped lands, important sport fisheries, prime agricultural lands, scenic and cultural areas, and buildings and structures that played an historic role in Connecticut and New England.

A mere listing of the characteristics of the Farmington does not do it justice. However, special attention should be paid to the fact that the river is an exceptional recreational resource and one of New England's outstanding sport fisheries. Connecticut's largest trout fishery is supported by the river and the New England River Basins Commission has recognized it as an important cold water fishery.

The Farmington also plays a role in the Connecticut River Basin Atlantic Salmon Restoration Program. Its part in this program could make the Farmington River an important salmon sport fishing area.

The river's recreational potential is immense and its use is growing every year. There is white water canoeing and kayaking through the river's gorges and rapids. One segment of one river, the Tariffville Gorge, is used for the National Olympic Kayaking Trials and the National Poling Championships.

Twenty sites in the river corridor have been recognized as National Historic Landmarks and National Historic Register sites. The Farmington River has come a long way since the 1950's when it was considered an open sewer. In fact, the water quality efforts along the river are now recognized by the Department of Interior as a proven example of intergovernmental and private efforts that have led to the rivers' excellent water quality today. This important job is never complete and there is continued support for ongoing purification efforts along the Farmington.

The Farmington River Watershed Association deserves much of the credit for its efforts over the past 32 years to encourage conservation of the natural resources of the Farmington River and for its many contributions to improve the river's water quality. The association has always been in the forefront of protecting and enhancing the river's resources.

As the Farmington River comes under increased pressure of conflicting interests that could bring deterioration of its unique resources, it is imperative that we maintain, preserve, and protect this resources for the future.

Therefore, I am today introducing legislation, the Farmington Wild and Scenic River Study Act, that would designate the West Branch of the Farmington River as a study area for inclusion in the National Wild and Scenic River System. This bill is nearly identical to legislation introduced in the House by Representative Nancy Johnson, H.R. 2191. A minor change has been made in the Senate bill that is intended to promote greater participation in the study by representatives of each of the towns that border along the rivers' banks, and from the two States through which the river flows. This would be accomplished by expanding the membership of the study committee to include; two members appointed by the Governor of the State of Connecticut, at least one of whom shall be a member of the Metropolitan District Commission; two members appointed by the Governor of the Commonwealth of Massachusetts; two members of the Farmington River Watershed Association, and, one member from each of the eight towns located along the west branch of the river, each to be appointed by the governing body of the respective towns.

Mr. President, I am also pleased to add that the proposal to study the west branch of the Farmington River has the unanimous support of the Connecticut communities in the Farmington River Valley.

I urge prompt consideration of this legislation by the Senate.

By Mr. DURENBERGER (for himself and Mr. LEAHY):

S. 1947. A bill to enhance the protection of U.S. interests under the Foreign Missions Act; to the Committee on Foreign Relations.

COVERAGE OF COMMERCIAL ENTITIES UNDER THE FOREIGN MISSIONS ACT

● Mr. DURENBERGER. Mr. President, today I join with the distinguished vice chairman of the Select Committee on Intelligence to introduce legislation to ensure that the national security interests of the United States are safeguarded from the activities of corporations or other commercial entities controlled by foreign elements hostile to our country. The legislation we have introduced would clarify the definition of "foreign mission" in the Foreign Missions Act so as to remove any doubt that such commercial entities can be subjected to the controls in that act.

When Senator LEAHY and I testified before the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs in October on the hostile intelligence services threat to the United States, we emphasized that our adversaries have become adept at using commercial cover and business dealings for espionage purposes, and we cited a number of specific instances in which activities had done damage to our national security.

The Select Committee on Intelligence and the Permanent Subcommittee on Investigations have been focusing on counterintelligence issues throughout the year. Senator ROTH, the distinguished chairman of the Committee on Governmental Affairs and of the Permanent Subcommittee on Investigations, and Senator NUNN, the ranking minority member of that subcommittee, also are members of the Intelligence Committee, and there has been excellent cooperation between the committees as both seek to identify, in concert with the executive branch, actions that can be taken to improve U.S. counterintelligence and security protections.

A number of important steps already have been taken this year, including an expansion of the Foreign Missions Act definition of "foreign mission" that was included in section 127 of the Foreign Relations Authorization Act for fiscal years 1986 and 1987 (Public Law 99-93, August 16, 1985). That change substituted the phrase "mission to or agency in" for the more restrictive term "official mission." Thus, while there may have been ambiguity previously, it now is clear that Foreign Missions Act controls can be applied to

Soviet and Warsaw Pact state trading organizations such as the Soviet company AMTORG, because such organizations clearly are foreign government agencies performing governmental activities.

The remaining problem, which Senator LEAHY and I seek to solve with the legislation we have introduced today, involves commercial entities that may not fall under the rubric of an agency or may not, at least ostensibly, be involved in diplomatic, consular, or other governmental activities, even if they are owned or controlled by foreign governments or organizations. The record available to us indicates that such commercial entities are capable of engaging in or providing cover for activities just as inimical to the United States as some of the activities of State trading companies.

In order to prevent potentially dangerous commercial establishments from continuing to avoid Foreign Missions Act controls, our bill makes several changes in the act's definition of "foreign mission." First the phrase "or entity" is added, so that the definition would state that foreign mission means any mission to or agency or entity in the United States. This would permit commercial establishments to be designated as "foreign missions" by categorizing them as "entities" rather than as missions or agencies. Next, the bill would strike the word "governmental" from the text above clause (A) and substitute the phrase "which is involved in" for the word "involving." This change would enable commercial entities to be subject to Foreign Missions Act restrictions on the basis of their involvement in any "activities" of a foreign government or organization; the current redundent and confusing specification that such activities must be diplomatic, consular, or governmental would be eliminated. Finally, the phrase "or which is substantially owned or effectively controlled by" is added to the definition, so that a commercial entity can also be subjected to Foreign Missions Act restrictions strictly on the basis of an ownership or control test.

We believe that these changes are advisable to clarify the ability of the Secretary of State to apply Foreign Missions Act controls to commercial entities operating in the United States which are involved in the activities of foreign governments or organizations, or which are owned or controlled by such governments or organizations. It is clear that certain of these commercial establishments may be performing activities which pose a threat to U.S. national security. We must give those charged with defending U.S. interests the tools that they need to deal effectively with such threats.

It should be emphasized that the changes made by the bill that Senator LEAHY and I have introduced today would not require application of Foreign Missions Act controls to any commercial establishment. Instead, the bill would enable the Secretary of State to apply such controls in appropriate circumstances. Thus, commercial establishments engaged exclusively in legitimate business activities will not be affected. The bill would impact only on commercial establishments whose activities on behalf of foreign governments or organizations are inimical to U.S. national security interests.

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. 1947

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202(a)(4) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 4302(a)(4)) is amended to read as follows:

"(4) "foreign mission" means any mission to or agency or entity in the United States which is involved in the diplomatic, consular or other activities of, or which is substantially owned or effectively controlled by—

(A) a foreign government, or

(B) an organization (other than an international organization, as defined in section 209(b) of this title) representing a territory or political entity which has been granted diplomatic or other official privileges and immunities under the laws of the United States or which engages in some aspect of the conduct of the international affairs to such territory or political entity,

including any real property of such a mission and including the personnel of such a mission;".●

By Mr. WEICKER:

S. 1948. A bill to assure that high quality services are furnished to developmentally disabled individuals and mentally ill individuals in residential facilities and by providers of home and community-based services which receive funds under the Medicare or Medicaid Programs, and to amend the Developmental Disabilities Assistance and Bill of Rights Act to require that residential programs meet Medicaid standards; to the Committee on Finance.

QUALITY SERVICES FOR DISABLED INDIVIDUALS ACT

Mr. WEICKER. Mr. President, I rise today to introduce the Quality Services for Disabled Individuals Act. This bill is my second legislative initiative in response to the hearing I chaired this session on the care of institutionized mentally disabled persons, and the 9-month investigation which preceded them. My interest in initiating this investigation was not solely because of my role as chairman of the Subcommittee on the Handicapped. As a parent and a citizen I have been regularly shocked by reports in the media of physical abuse, violence, and death in State facilities for the mentally disabled.

So last year, I initiated an intensive investigation into care and treatment in our Nation's institutions for the mentally disabled. This was a followup to nearly 2 years of hearings, investigations, and other research. What we found was not pretty. What we found was not acceptable. What we found left me, and I think the American public, with a sense of shock and outrage. Right now, in 1985, in the United States, our most vulnerable citizens are routinely victims of abuse, neglect, and serious physical injury, and are forced to live in conditions which we ourselves would not tolerate. What we found is the shame of this great Nation.

In 3 days of testimony before the Subcommittee on the Handicapped and the Appropriations Subcommitte on Labor/HHS/Education, we heard example after example of mistreatment of this Nation's mentally disabled citizens. We heard of misuse and overuse of drugs. We heard of physical violence, of rape, of unexplained death. We heard of young people tied naked to the floor in four-point restraints for days. We heard of filthy living conditions and received testimony about conditions in which a retarded boy who developed a near-fatal brain infection after periods when he was observed chewing on a urine soaked stocking and crawling through human feces. We heard of a human being, who happened to be retarded, being confined to a shower stall for 3 years with nothing but a thin cotton sheet between his naked body and the tile floor. We heard of residents denied water and food so that they suffered from malnutrition.

Yes, this is the Nation's shame. But even more, it is the shame of this esteemed body and the Federal Government that supports these institutions by certifying them as acceptable and funding them with Federal dollars.

You might ask how this can happen. I certainly did. I asked how our Federal system of monitoring to assure quality care in programs receiving Federal funds could allow such conditions to exist. After all, when we provided for Federal audits of institutional care as part of Federal funding, we expected our tax money would be linked directly to quality care.

But that is not the case. Indeed the monitoring of State facilities is minimal and ineffective and focuses on paperwork rather than people. For the most part, States certify their own facilities as acceptable for receipt of Federal funds. And while statutory authority exists for the Department of Health and Human Services to "look-behind" or validate the State certification decision, such validation reviews have been limited and do not ensure timely corrections when deficiencies are identified. In fact, many facilities have repeated deficiencies yet still maintain their certification. At our hearings, a nurse told us of a State hospital operating below "minimally acceptable standards" for 2 consecutive years. Still no action was taken by State or Federal officials.

entists are still collecting data from that station.

Mr. President, I believe this bill will significantly improve national and international research coordination and cooperation. In time, it will produce the vital data Congress needs to make the appropriate policy decisions regarding the greenhouse effect. I urge my colleagues to support this legislation.●

ADDITIONAL STATEMENTS

WEEKLY BUDGET SCOREKEEPING REPORT

● Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report for the week of December 9, 1985, prepared by the Congressional Budget Office in response to section 5 of the first budget resolution for fiscal year 1986. This report also serves as the scorekeeping report for the purposes of section 311 of the Congressional Budget Act.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 16, 1985.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal year 1986. The estimated totals of budget authority, outlays, and revenues are compared to the appropriate or recommended levels contained in the most recent budget resolution, S. Con. Res. 32. This report meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32 and is current through December 13, 1985. The report is submitted under Section 308(b) and in aid of Section 311(b) of the Congressional Budget Act.

Since my last report the Congress has cleared for the President's signature the Further Temporary Extension (Medicare) and Extension of Tobacco Excise Tax (H.R. 3918), changing outlay and revenue estimates.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 99TH CONG., 1ST SESS. AS OF DEC. 13, 1985

[In billions of dollars]

	Budget authority	Outlays	Revenues	Debt subject to limit
FISCAL YEAR 1986				
Current level [1]	1,067.3	983.6	792.9	1,902.0
Budget resolution S. Con. Res. 32	1,069.7	967.6	795.7	[2] 2,078.7
Current level is:				
Over resolution by		16.0		
Under resolution by	2.4		2.8	176.7

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval. In addition, estimates are included of the direct spending effects for all entitlement or other programs requiring annual appropriations under current law even though the appropriations have not been made. The current level excludes the revenue and direct spending effects of legislation that is in earlier stages of completion, such as reported from a Senate committee or passed by the Senate. Thus, savings from reconciliation action assumed in S. Con. Res. 32 will not be included until Congress sends the legislation to the President for his approval. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] The current statutory debt limit is $2,078,700,000,000.

SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONG., 1ST SESS. AS OF DEC. 13, 1985

[In billions of dollars]

	Budget authority	Outlays	Revenues
FISCAL YEAR 1986			
I. Revenues			792,800
Permanent appropriations and trust funds	717,617	651,045	
Other appropriations		180,344	
Offsetting receipts	−162,006	−162,006	
Total enacted in previous sessions	555,610	654,353	792,800
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99-10)		427	
Federal supplemental compensation phaseout (Public Law 99-15)			10
Appropriations for the MX missile (Public Law 99-18)		362	
Contemporaneous recordkeeping repeal bill (Public Law 99-44)			13
United States-Israel Free Trade Act (Public Law 99-47)			−8
Statue of Liberty-Ellis Island Coin Act (Public Law 99-61)	−15	31	
International Security and Development Cooperation Act (Public Law 99-83)	−25	−25	
Supplemental appropriations bill (Public Law 99-88)	36	3,139	
State Department authorization (Public Law 99-93)			2
Emergency Extension Act of 1985 (Public Law 99-107)	−48	−231	210
Simplification of imputed interest rules (Public Law 99-121)			−31
Health professions educational assistance (Public Law 99-129)		−8	
Amendments—Special defense acquisition fund (Public Law 99-139)	100		
Energy and water appropriations 1986 (Public Law 99-141)	15,252	8,246	
Department of Defense Authorization Act 1986 (Public Law 99-145)	280	−5	
Legislative branch appropriations 1986 (Public Law 99-151)	1,589	1,333	
Temporary debt limit increase (Public Law 99-155)	−34	−154	140
Agricultural extension, tobacco provision (Public Law 99-157)	−29	−29	
HUD-independent agencies appropriations 1986 (Public Law 99-160)	56,905	36,247	
Offsetting receipts	−4,183	−4,183	
Military construction appropriations 1986 (Public Law 99-167)	8,495	2,153	
NASA Authorization Act of 1986 (Public Law 99-170)		107	
Labor, HHS, Education appropriations, 1986 (Public Law 99-178)	94,867	81,406	
Offsetting receipts	−19,816	−19,816	
Commerce, State, Justice appropriations, 1986 (Public Law 99-180)	11,976	9,731	
Offsetting receipts	−118	−118	
Total, enacted this session	165,195	118,647	335
III. Continuing resolution authority:			
Continuing appropriations 1986 (Public Law 99-179)	308,779	212,985	
Offsetting receipts	−4,449	−4,449	
Total, continuing resolution authority	304,330	208,536	
IV. Conference agreements ratified by both Houses:			
Textile and Apparel Trade Enforcement Act, 1985 (H.R. 1562)			70
Further temporary extension (Medicare, H.R. 3918)		−20	
Extension of Tobacco Excise tax (H.R. 3918)			[illegible]
Compact of free association (H.J. Res. 187)		84	84
Total, conference agreements		−20	[illegible]
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund	10	10	
Claims, defense	7	3	
Payment to the foreign service retirement trust fund [1]	(1)	(1)	
Range improvements	1		
BLM Miscellaneous trust fund	(2)		
Payment to air carriers, DOT	18	17	
Retired pay—Coast Guard	21	19	
Maritime operating-differential subsidies		3	
BIA Miscellaneous trust fund	(2)	(2)	
Retirement pay for PHS officers	3		
Medical facilities loan guarantee	3		
Payment to health care trust fund [1]	(907)	(907)	
Child nutrition programs	364	284	
Child support enforcement	3	3	
Advances to unemployment trust fund [1]	(51)	(51)	
Federal unemployment benefits and allowances	66	64	
Black lung disability trust fund	46	46	
Special benefits (Disabled coal miners)	36	36	
Assistance payments	544	544	
Supplemental security income	52	52	
Veterans readjustment benefits	180	137	
Veterans pensions	10		
Payment to civil service retirement [1]	(214)	(214)	
National wildlife refuge fund	(2)	(2)	
Defense pay raise—Military	925	897	
Total entitlements	2,375	2,064	
Total current level as of Dec. 13, 1985	1,067,315	983,575	792,934
1986 budget resolution (S. Con. Res. 32)	1,069,700	967,600	795,700
Amount remaining:			
Over budget resolution		15,975	
Under budget resolution	2,385		2,766

[1] Interfund transactions do not add to budget totals.
[2] Less than $500,000.

Note.—Numbers may not add due to rounding.●

EXTENSION OF FOREIGN MISSIONS ACT TO COVER FOREIGN COMMERCIAL ENTITIES

● Mr. LEAHY. Mr. President, I rise as cosponsor with Senator DURENBERGER of S. 1947, a bill to extend the Foreign Missions Act to cover certain foreign commercial entities operating in the United States.

The Office of Foreign Missions in the State Department is empowered under the act to control various activ-

ties of foreign diplomatic and consular missions, certain other foreign official organizations—such as commercial missions and official news bureaus—foreign missions to the United Nations, and United Nations Secretariat employees from countries whose officials are subject to such control. But currently there is no explicit legal authority for the Office of Foreign Missions to regulate the activities of commercial entities which are actually owned or controlled by foreign governments.

It is clear that considerable espionage activities against the United States may originate from such organizations. Foreign governments are free, through their quasipublic trading firms, to form or join commercial entities in the United States which are not currently subject to control by the Office of Foreign Missions. This enables them to establish in areas that would otherwise be denied to officials from their country or into which their officials would not be completely free to travel into such areas.

It is clear that the existence of such free arrangements provides the opportunity for espionage by governments which engage in intelligence activities against the United States. I can state based on information which has been provided to the Select Committee on Intelligence that some foreign commercial entities are actually a source of considerable espionage, especially in the area of the transfer of high technology—particularly military technology—to the Soviet bloc.

One case is particularly enlightening in this regard. In 1981 William Holden Bell, an employee of the Hughes Aircraft Corp., was arrested for having served as an agent of Marian Zacharski, then president of the Polish Government-owned commercial company Polamco. Bell was cultivated by Zacharski in a highly professional agent recruitment scenario which began with a social contact and developed in Zacharski's providing Bell financial assistance. Bell was experiencing serious personal and financial difficulties when he was first contacted by Zacharski at his residence in the high-technology area outside Los Angeles.

Bell ultimately received about $170,000 in money and valuable items from Zacharski. In return, he turned over numerous documents between 1979 and 1981 dealing with a variety of sensitive military technologies including the F-15 look-down shoot-down radar system, "quite" radar systems, all-weather radar for tanks, naval radars, components of the Phoenix air-to-air missile and the Patriot air defense missile, and other systems used by the United States and NATO. The Soviets are known to be developing and deploying similar technologies, particularly look-down, shoot-down radar systems and radar-guided air-to-air missiles for their new fighters, apparently based in large part on information purloined from this country.

Mr. President, the Select Committee on Intelligence is currently conducting a major review of security and counterintelligence programs not only in the intelligence community but throughout the national security agencies and programs of the Government. While we expect to release a preliminary report next year, we have already reviewed considerable material and formulated some beginning recommendations. One of the areas that has emerged from this review is the necessity to extend the restrictions applied by the Office of Foreign Missions to foreign commercial entities which are currently entirely free to operate throughout the United States.

Earlier this year, on October 22, Senator DURENBERGER and I addressed the Permanent Subcommittee on Investigations, which is also conducting a review of security programs. We testified at that time on the importance of regulating foreign-controlled commercial entities as part of an overall program to directly control the presence and activities of hostile intelligence services in the United States, which would also include equalizing the number of United States and Soviet diplomats in one another's countries; applying Office of Foreign Missions travel restrictions to Warsaw Pact country representatives; and reducing the size of the Soviet mission to the United Nations. We said at that time:

The Foreign Missions Act applies not only to diplomatic establishments such as embassies and U.N. missions, but also to state trading organizations and other entities that perform governmental functions. There is, once again, clear counterintelligence information establishing that Soviet and Warsaw Pact trading companies and other commercial entities in the U.S. controlled by those countries are engaged in espionage-related activities. There are two avenues to pursue in regulating their operations.

First, the Export Administration Act as adopted earlier this year authorizes the Commerce Department to require a license for transfer of controlled goods or technology to an embassy or other "affiliate" of a Communist government in the United States. This language should be applied by the Commerce Department to commercial entities that are owned or controlled by Communist governments and that may be used to transfer technology abroad surreptitiously.

Second, the Foreign Missions Act requirements should be applied to these same entities. Under the law as it now stands, such requirements clearly can be applied to state trading organizations such as the Soviet company AMTORG. It is more difficult, however, to apply the Foreign Missions Act to other Soviet bloc-controlled businesses. To close this gap, legislation should be enacted to amend the Foreign Missions Act and authorize the State Department to apply its requirements to "affiliates" of foreign governments, with the same meaning as in the Export Administration Act. A bill for this purpose will be introduced shortly.

Enactment of the Durenberger-Leahy bill introduced today would help to complete the fabric of controls the Congress has woven over the past several past years on the size and activities of the hostile intelligence presence in the United States. I am proud to have taken a leading role in this effort, which has also included the following elements—

The Leahy-Cohen Amendment to the State Department Authorization Act signed into law last summer. Under this amendment, the President must see to it that the number of Soviet officials allowed to serve at their embassy and consulate in the United States not exceed the equivalent number of American officials serving in the Soviet Union. Currently, the Soviets station about 320 officials in their embassy and consulates here while the U.S. has only about 200 American employees in the U.S.S.R. and also hires over 200 Soviet nationals to work at our embassy and consulates there. The President has endorsed this approach, and I will be carefully monitoring its implementation by the State Department, which has unfortunately been very slow to understand, accept and apply this policy.

The Leahy-Cohen bill, S. 1773, introduced last October 18. Under this bill, the President would be required to reduce the size of the Soviet Mission to the United Nations in New York City. With a staff of nearly 300, the Soviet Mission is more than twice the size of the U.S. Mission (130) and the next-largest mission, that of the Chinese (125) and more than three times as large as all the rest.

The Huddleston-Leahy Amendment to the Fiscal Year 1985 Intelligence Authorization Act, enacted in 1984. Under this amendment, the President was called upon to see to it that the numbers and privileges of official representatives from countries involved in intelligence activities against the U.S. not exceed the corresponding numbers and conditions permitted by their governments for our diplomats there. This amendment also required that either the Director or Deputy Director of the Office of Foreign Missions be a career counterintelligence official, who would be sensitive to the importance of controlling certain activities by foreign government representatives in the United States.

And other initiatives by Congress to expand the jurisdiction of the Office of Foreign Missions over certain foreign officials.

I would like to conclude, Mr. President, by saying that these measures have received strong support at the White House. The President has spoken on several of them, and White House spokesmen have recently indicated that additional measures on this subject are contained in the President's new National Security decision directive on counterintelligence policy. The bill which Senator DURENBERGER and I have introduced today will provide addtional legal authority to help implement these policies.

Finally, Mr. President, I would like to say that nothing in the bill requires the Office of Foreign Missions to control the activities of all or even any particualr foreign government associated commercial entities. The language of the bill brings certain "entit[ies] in the United States * * * which is substantially owned or effectively controlled by" a foreign power within the scope of the act. The Secretary may determine which foreign powers to apply this

provision to and may also develop guidelines or procedures to determine the nature of ownership or actual control which should trigger application of this power. We expect that the Secretary will move to apply his authority under this provision to commercial entities which are associated with foreign govenments which conduct intelligence activities against the United States and which actually employ such entities as bases for such activities.

JACK HOOLEY—MINNESOTA'S 1985 GROCER OF THE YEAR

● Mr. DURENBERGER. Mr. President, in today's changing economy, those businesses that succeed are those that are innovative and well-managed. They are not afraid of competition, rather they welcome it because they are at least one step ahead of their competitors.

Cub Foods, headquartered in my home State of Minnesota, is a shining example of this successful business. Now a member of the Super Valu family, Cub has grown from one small warehouse store into a national discount food chain. And it did so because of my friend Jack Hooley. Jack began his career as a grocery stock boy over 40 years ago, and worked his way up to become chairman of Cub Foods. Along with his brother Charlie and friend Cub Davis, Jack has dedicated his career to providing consumers quality products of affordable prices—a valuable service in today's economy.

And in recognition of his many contributions to the industry, Jack has recently been named Minnesota's 1985 Grocer of the Year by his peers in the Minnesota Grocers Association. It is especially fitting that Jack receive the honor this year, for this year he is retiring from Cub and leaving his son John to carry on the family tradition.

Mr. President, I ask that an article from the September-October issue of the Minnesota Food Guide be printed in the RECORD as a tribute to Jack's commitment to serving the people of Minnesota through Cub Foods.

The article follows:

[From the Minnesota Food Guide, September-October 1985]

MINNESOTA'S 1985 GROCER OF THE YEAR

From a stock boy in the post-Depression WW II era to president of a billion dollar corporation in the 1980's, Jack W. Hooley is a true example of the American Dream.

Named 1985 Grocer of the Year by his colleagues in the Minnesota Grocers Association, Hooley was presented the award in recognition of his leadership role in setting the standard for discount superstores in the United States. He is chairman of Cub Foods.

How does Hooley feel about Cub's success?

"There were so many people involved in it. There were so many ideas that came from the people who worked here. A real company effort."

As chairman of the Cub Food empire, Hooley manages a conglomerate of 27 stores, 13 of which are corporate. And 12 new stores will be opening this year, the latest one in Atlanta, Georgia.

"Most of the growth from now on will be in franchising," said Hooley during an interview in his Stillwater office.

COMMUNITY SERVICE

Hooley's community service record also is impressive. In his hometown of Stillwater, he serves on the Board of Directors for Lakeview Hospital and the First National Bank. He also serves on the Church Advisory Council at St. Michael's Catholic Church and is active with the Boy Scouts of America as well as a boys rehabilitation center in Minneapolis.

A FAMILY TRADITION

Hooley began his life-long career in the grocery business by sweeping floors and stocking shelves in stores owned by his father and grandfather in the early 1940's.

The family business, which had begun as a meat delivery service for lumber camps between Stillwater and Taylor's Falls, had grown to include four grocery stores in the St. Croix Valley. The stores were located in Stillwater, Red Wing and Hudson. And it was there that the self-service concept in the grocery business was born.

THE EARLY YEARS

After graduating from high school, Hooley served in the U.S. Navy for four years, and then returned to attend college at St. Thomas. After graduation, he became manager of his first store.

He transferred to Hooley's Downtown Supermarket, Stillwater, in 1950 and became store manager in 1955. By 1958, he was named president of Hooley's Supermarket.

BIRTH OF A CONCEPT

It was in 1960 that Hooley, his brother Charlie and friend Cub Davis joined forces to open a discount foodstore operation and bought a franchise with Food Bonanza out of Decorah, Iowa.

"We decided on a warehouse market format," Hooley said.

What did that mean? Well, no air conditioning, no music, no employee uniforms. Wooden planks served as shelves, and checkout stands were nailed together by hand. All equipment was second-hand.

Choosing a name was the next step. Consumers United for Buying (CUB) was finally decided upon. "It pretty well said what we wanted," Hooley said. No, he said, the name had nothing to do with Cub Davis. "Just a coincidence."

"It was unbelievably hard when we first started out to let people know who we were," Hooley recalled. "We relied on word of mouth. We wanted people to think of it as their store."

The soultion? They changed ad agencies and stopped using the bear cub and shadow as their logo. "We wanted to emphasize our low prices, not our bear cub logo," Hooley said.

EXPANSION BEGINS

At the same time that the logo changed, Davis and Hooley traveled to California to inspect produce departments. They had decided to add produce to the store as well as complete dairy and frozen departments.

"We are doing about $150,000 a week and thought we should be doing about $200,000," Hooley said.

At that time, the store had only limited frozen and dairy departments—no bakery, no deli, no meat and no refrigeration departments.

The rest is history. With an expanded inventory, the $200,000 mark was passed within two weeks. By the third week, business was up to $250,000, and the $400,000 mark was reached by the end of the year.

With the added resources came improvements in decor. Air conditioning, tiled floors and music were added.

Uniforms, too, were added. This was a definite change in policy from the old concept, Hooley noted. "Everyday clothes" had been the standard at the old stores, and it was a standard that worked. "We thought it was kind of quaint," Hooley said.

What changed all of that?

"Some kid came up to check me out in his [long] underwear," Hooley said. "That's when we decided things had to change. It wasn't a warehouse anymore. It was a complete superstore."

THE MODERN DAY CUB

In order to upgrade and expand, CUB was sold to Super Valu in 1980, and Jack was named chairman. That was the beginning of national expansion. Today there are stores in Illinois, Wisconsin and Indiana in addition to the six stores in Minnesota. (After Super Valu acquired CUB Inc. in 1980, the name was changed to Cub Foods.)

Although Cub is now a corporate giant, remnants of the old family atmosphere linger on. Brother Charlie retired in March, and Hooley himself will be retiring in October. But son John will carry on the family tradition. He currently heads up the Minnesota division of Cub.

Other family members in the business include Maureen Hooley, who serves as director of advertising, and Charles "Chip" Hooley, Jr., who serves as assistant store manager for Stillwater.

What impact has Cub had on the grocery industry?

"Wherever we go, we reduce the price level," Hooley said. Most Cub stores, he explained, operate at about one-half the operating costs of most conventionals. Hooley credits this to the reduced labor costs in Cub stores and the efficient use of recent technological innovations.

What does he think about the grocery business in general today?

"It's simpler. You don't have to know so much about the products. There are more standards. The product overall is much better.

That attitude is easy to understand since Hooley spent his younger years cutting cans of peas to test for quality, choosing cuts of meat and picking out produce.

"Now you have to know more about management," Hooley noted.

Overall, "It's an awfully good business," Hooley concluded. "To me, that's the best business in the world."●

NEW JERSEY LEADING THE WAY IN TOXIC WASTE RESEARCH

● Mr. LAUTENBERG. Mr. President, I note with pride that the Newark Star-Ledger has published an illuminating seven-part series by Gordon Bishop, which describes how the "Industry/University Cooperative Center for Research in Hazardous and Toxic Substances," located on the Newark Campus of the New Jersey Institute of Technology [NJIT], is blazing a trail in toxic chemical research. The Star-Ledger is to be commended for this informative and interesting series, and I commend these articles to my colleagues.

This national toxic substances research center at NJIT is the largest of its kind in the world. The center's focus is on developing the most advanced technologies yet designed for solving America's environmental toxics crisis. As implied by the name of