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Senate

The Senate met at 10 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, make us maximum by Your Spirit for the demanding responsibilities and relationships of this day. We say with the psalmist, ''Blessed be the Lord, who daily loads us with benefits, the God of our salvation!''—Psalm 68:19.

We praise You that it is Your will to give good things to those who ask You. You give strength and power to Your people when we seek You above anything else. You guide the humble and teach them Your way. You know what we need before we ask You, and yet, encourage us to seek, knock, and ask in our prayers. When we truly seek You and really desire Your will, You do guide us in what to ask. Our day is filled with challenges and decisions beyond our own knowledge and experience. We dare not press ahead on our own resources. In the quiet of this magnificent moment of conversation with You we commit this day and ask for the wisdom of Your Holy Spirit. Thank You in advance for a great day lived for Your glory. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT, is recognized.

Mr. LOTT. Good morning, Mr. President. Thank you very much.

SCHEDULE

Mr. LOTT. This morning, the Senate will begin consideration of the budget conference report, and will continue the discussion. Under the consent agreement reached yesterday, there will be 2 hours for debate on the conference report, with the time equally divided between Senators DOMENICI and EXON. All Senators should be aware that a vote will occur on the adoption of the budget at 12 noon today.

The House did act last night—it must have been close to 10 o'clock or so—but they did pass the budget resolution. We will have the papers, and we will be prepared to vote at 12 noon. Following that vote, there will be a period for morning business to accommodate a number of requests on both sides of the aisle. I emphasize that morning business will be after the 12 o'clock vote, not in the morning as we begin, as is quite often the case.

It is also possible later today the Senate will consider other legislative-executive items. Therefore, Senators should be aware that additional rollcall votes are possible during today's session. We are very hopeful that some agreement, perhaps, could be worked out on how we would handle the Federal Reserve Board appointees. We will have further information on that when we have the vote at 12 o'clock.

I yield the floor.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1997—CONFERENCE REPORT

The PRESIDING OFFICER (Mr. INHOFE). Under the previous order, the Senate will now move to consideration of the conference report, House Report 104–612, accompanying House Concurrent Resolution 178, which the clerk will report.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment to the bill (H. Con. Res. 178), a concurrent resolution establishing the congressional budget for the United States Government for fiscal year 1997 and setting forth appropriate budgetary levels for fiscal years 1998, 1999, 2000, 2001, and 2002, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of June 7, 1996.)

The PRESIDING OFFICER. There will now be 2 hours of debate equally divided between the Senator from New Mexico, Senator DOMENICI, and the Senator from Nebraska, Mr. EXON.

Mr. BYRD. Mr. President, on behalf of Mr. EXON, who controls the time on this side, I yield myself such time as I may consume. It will not be 30 minutes.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I am convinced that if this budget resolution conference agreement is fully implemented over the next 6 years, it will lead the Nation into far more serious fiscal difficulty than we are in today. It follows the familiar supply-side policies of the Reagan administration, which, as we all recall, promised to balance the Federal budget while at the same time enacting massive tax cuts, it calls for increases in defense spending even when the Pentagon says it does not need the money, and cuts in entitlements—which never came to pass under the Reagan administration. President Reagan's policies did not result in the economy growing itself out of deficits or in balancing the budget. I voted with the President, Mr. Reagan, in support of his massive tax cuts and I also supported his buildup of a bloated defense budget. Instead, what did we see? We saw a massive increase in the national debt, which rose from under $1 trillion in the previous 200 years of the Nation to over $2.6 trillion on January

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

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20, 1989, the day President Reagan left office.

Astoundingly to me, the fiscal blueprint contained in this budget resolution conference agreement is remarkably similar to those failed Reagan policies which nearly bankrupted the Nation, and from which we are still suffering, and which are still placing us in desperate straits with respect to our fiscal situation. For example, unlike the Senate-passed budget resolution, which allowed a tax cut to occur in a third reconciliation measure only after enactment into law of the first two reconciliation measures which contained deficit reduction, this conference agreement moves the tax cuts forward to the first reconciliation bill. The instructions for that first reconciliation bill call for the relevant Senate committees to report their proposals by June 21. Those instructions go to those committees with jurisdiction over welfare, Medicaid, and tax breaks.

So what we see then is that this first reconciliation bill will presumably cut Medicaid spending, cut welfare spending, and use those savings to finance a massive tax cut. That first reconciliation bill, I am advised, will reduce the deficit by a mere $2 billion over the entire 6 years, because the savings from welfare reform and Medicaid will be used to finance a huge tax cut.

I think it is utter folly to be talking about a tax cut at this time in our fiscal history. I say that with respect not only to the Republican tax cut, but also to the tax cut that is proposed by the Clinton administration. I was the one Democrat who voted against the President's budget, so I think I come into court here with fairly clean hands. I voted against that budget for two reasons: One, it cut taxes; and, two, it cut discretionary funding a great deal.

So if that were not enough, this conference agreement also allows for further tax breaks in the third reconciliation bill. Presumably, the purpose for this process is to allow the majority in the Congress to have another bite at the apple, should the President veto the first tax-break bill, or, if the majority finds that they did not do enough tax cutting in the first measure, even if the President signs it, they will have the opportunity to provide more tax cuts in the third reconciliation bill.

I do not try to second-guess the leadership or the other party in this matter. I have tremendous respect for Senator DOMENICI and Senator EXON. They provide a great service to the people of this country and to the Senate, and the Senate is in their debt. I respect them for their sincere judgments. But to those of us—I am one—who participated in the river boat gamble. So I come into court with unclean hands. I voted for the massive tax cuts over a 3-year period. I voted for them, although I did offer an amendment to provide that the tax cut for the third year, I believe, would not go into effect until such time as we could see what the impact of the tax cuts in the first 2 years would be on our budgetary and fiscal situation. But I voted for those. So I participated in that river boat gamble of tax cuts and a defense buildup first. I supported those two things as strongly as did the Republicans in this body. So I am not a Johnny-come-lately after the fact complaining about what the Republicans did on that occasion. I voted with them. I have been sorry for it.

To those of us who participated in the river boat gamble of tax cuts and spending cuts later as proposed by President Reagan, this conference agreement's proposed tax cuts now and spending cuts later is all too familiar to us. Have we not learned our lesson? It is all too easy to enact tax cuts and save the pain for later. I have voted for a good many tax cuts in my 50 years of politics, and I have voted against them. I said to the administration people that it is folly to talk about cutting taxes now with the colossal deficits that we have and the colossal debt that we have; the colossal payments of interest that we have to make on that colossal debt. If we follow the policies proposed in this budget resolution, we are about to do it again. What will keep the results from being the same at the end of this 7-year period as they were when we followed the policies proposed by the Reagan administration?

This budget resolution calls for $11 billion more in defense spending just in fiscal year 1997 alone than has been proposed by the President. It proposes tax cuts ranging from $100 to $200 billion or more. It proposes terrible devastation on the domestic discretionary part of the budget. I have been a member of the Appropriations Committee longer than anybody else in this body. I have been chairman of the Appropriations Committee for 6 years, and I have been a member of the Defense Appropriations Subcommittee for quite a long time. So I view these reductions in discretionary funding of exceedingly important programs to our people and to our country with a great deal of regret. It proposes, as I say, a terrible devastation on the domestic discretionary part of the budget—that portion which funds our investment in our Nation's education, environmental cleanup, clean air and water, highways, bridges and airports, flood prevention, crime control, war against drugs, plus the operations of the entire Federal budget. For that portion of the budget, this agreement, according to the Congressional Budget Office in a table provided to me just last evening, proposes real cuts in domestic discretionary budget authority of $254.9 billion below inflation over the period of fiscal years 1997–2002—$254.9 billion below inflation for domestic discretionary budget authority.

The people of this country are going to wake up one day, and they are going to say, ''We are tired of having our domestic discretionary programs cut to the bone.'' It is already into the marrow of the bone, and discretionary spending has taken it on the nose for several years. Discretionary funding of domestic programs has borne the brunt of the budget cuts and will continue to bear the brunt of those cuts under this measure that is before us. One day the American people will say, ''Where have you been? What is happening to our infrastructure—our highways, our sewage and water projects?'' We need more money in West Virginia and in other rural areas to update our sewerage and water systems, and in some instances to install systems for the first time.

I am sure West Virginia is not alone in this. Why cannot we help our people? That is pretty important business—having clean water to drink. I offered an amendment twice here just in the last few days to provide for additional funding for States and for communities that need help with respect to their water and sewerage problems. Those amendments were defeated. Everything is being sacrificed here on the altar of a balanced budget. I do not decry the need to work toward our balancing the budget. But the way we are doing it, the way we are going about it, I object to.

Under this budget resolution, we will be able to purchase nearly $255 billion less in the year 2002 for domestic discretionary investments than we can today. The needs will be greater. The funding will be less than today.

I would point out that this budget resolution conference agreement cuts domestic discretionary budget authority below a freeze by $33 billion. That is a real cut. That is a cut from which the American people suffer, and they are going to be asking some questions down the road. They will be shaken out of their lethargy when they wake up one day and see that we are continuing to cut funding for domestic programs that mean so much for the health and well-being of the American people themselves. It is an outrage. It is a disgrace for American communities in this day and time not to have modern water systems. They need them in those rural areas to have pure water. Not to have clean water to drink—what is more important than that? In other words, under this budget resolution, $33 billion less will be available than would be required to fund the investments contained in the domestic discretionary portion of the budget at a hard freeze level over the next 6 years.

For fiscal year 1997 alone, Dr. Rivlin, the Director of OMB, points out in her letter to the chairman of the Budget Committee dated June 11, 1996, nondefense discretionary spending is cut by more than $15 billion below the President's request. The President's request was not anything to boast about. I can tell you that. The President's request was too low. The President's budget over the 6 years is $230 billion below inflation. So that is why I voted against them. It was not anything to beat one's chest over when it came to discretionary programs by President Clinton.

Furthermore, there is a peculiar section in this agreement as it relates to discretionary outlays for fiscal year 1997. According to page 28 of this conference report, section 307 is entitled ''Government Shutdown Prevention Allowance.'' That section will hold in reserve $1,337,000,000 in nondefense discretionary outlays which will only be made available in the Senate pursuant to section 307(b). That paragraph reads as follows:

(b) REVISED ALLOCATIONS.—In the Senate, upon the consideration of a motion to proceed or an agreement to proceed to a resolution making continuing appropriations for fiscal year 1997, or in the House of Representatives, upon the filing of a conference report thereon, that complies with the fiscal year 1997 discretionary limit on nondefense budget authority, the Chairman of the Committee on the Budget of the appropriate House may submit a revised outlay allocation for such committee and appropriately revised aggregates and limits to carry out this section.

In other words, if I understand it correctly, this section will allow the chairman of the Budget Committee to provide additional nondefense outlays of up to $1,337,000,000 to the Appropriations Committee ''upon the consideration of a motion to proceed or an agreement to proceed to a resolution making continuing appropriations for fiscal year 1997.''

This is getting curiouser and curiouser. Section 307 virtually ensures that there will be at least one continuing resolution for 1997. How else can the Appropriations Committee receive the $1.3 billion in outlays? What is this? This is an attempt by the majority to bludgeon the President into signing appropriation bills which will contain $15 billion less than he has requested for public investments in education, environmental cleanup, clean air and water, crime fighting, and a host of other programs. We faced this same problem in fiscal year 1996 and the President refused to accept cuts of this magnitude, and we ended up with total gridlock, Government shutdowns, and a record-setting 13 continuing resolutions to keep the Government functioning.

What we have in this agreement, it appears to me, is a blatant attempt to bypass the regular appropriations process even before it begins. Anyone can see that the President will not agree to sign regular 1997 appropriation bills when he is assured of getting $1.337 billion more in outlays if he waits for a continuing resolution. So the Republican majority has thrown up its hands and given up before it even begins to fight for the enactment of the 13 regular appropriation bills. They have tried to save themselves by creating a ''Government Shutdown Prevention Allowance.''

This just will not wash. Does the majority think that the President will just roll over and play dead on his budget priorities this year—with cuts of $15 billion as this resolution requires? Do they think that I and others who oppose such devastation in domestic investments will be satisfied with such cuts simply because we have a new Government shutdown prevention allowance? Well, let the majority proceed with their proposals and we will meet them one at a time and see how it turns out.

I can tell every Senator with complete confidence that this Nation cannot sustain the levels of cuts to the domestic discretionary portion of the budget over this 6-year period that are contained in this budget resolution without destroying the hopes of the American people for the betterment of their children and grandchildren. The money will not be there for increased investments in education. The money will not be there for an adequate transportation system to move our goods to market and our people to and from work in an efficient manner. The money will not be there for the safety and increased capacity of our national airport system, for improvement in flood prevention, cleaning up the environment, better water and sewage treatment for communities throughout the Nation. These will not be possible. There will be no improvement to these infrastructure systems, which are already in a state of serious deterioration.

Mr. President, like other budget resolutions before this which claimed to balance the Federal budget, several of which were put before the Senate by the present chairman of the Budget Committee, Mr. DOMENICI, this conference agreement contains no enforcement mechanism for any area of the budget except discretionary spending. We have operated under enforceable caps with across-the-board sequester mechanisms for a number of years. So that Senators can be sure that the devastation proposed by the cuts proposed in this budget resolution to the domestic discretionary portion of the budget will occur. Enforcement mechanisms make that a virtual certainty.

But, like all of its predecessors, this budget resolution conference agreement contains no such enforcement mechanisms for entitlement spending or for revenues. In other words, there is no assurance that the spending cuts proposed in any reconciliation measure that may be enacted into law pursuant to this budget resolution will actually result in the savings claimed. Traditionally, those savings have been far less than predicted. Similarly, any revenue increase measures that may occur in any of these reconciliation bills may not achieve the levels projected and the tax cuts may actually cost more than is being projected. If so, there is no method in this resolution to make certain that the revenue projections are, in fact, achieved or that the entitlement savings are, in fact, achieved.

There is no sequester mechanism or automatic tax-surcharge mechanism so that we may be certain that the entitlement spending cuts or any revenue increases will be achieved, or that any tax cuts will cost no more than is projected. So to all Senators who support this budget resolution today, I ask where will you be when the numbers go south in the future years as they did in the Reagan budgets? Where will you be? There is nothing here to ensure that these deficit projections will be reached. The only sure achievements will be the devastation in discretionary spending—that is a sure achievement—because of the caps for each of the next 6 years.

Finally, Mr. President, in closing let me point out that, despite all the rhetoric to the contrary, this budget resolution conference agreement does not result in a balanced budget in the year 2002. To confirm this fact one simply needs to turn to pages 3 and 4 of the conference report. At the bottom of page 3 one will see under Section 101(4) a heading entitled, deficits.

For purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

fiscal year 1997: $227,283,000,000.
fiscal year 1998: $224,399,000,000.
fiscal year 1999: $206,405,000,000.
fiscal year 2000: $185,315,000,000.
fiscal year 2001: $141,762,000,000.
fiscal year 2002: $103,854,000,000.

So, apparently, there will still be a deficit of over $100 billion in fiscal year 2002 under this conference agreement.

No matter how hard this thing tries to impress by sticking out its chest and spreading its tail feathers, it is still a turkey and it will not fly.

I say this again to emphasize, with great respect to all of the Senators who have had a part in developing this conference agreement. We sometimes do the best we can, and then we are not able to do enough. I was not entitled to sit in on the conference. I do not know what arguments were made and what arguments were made and lost. I am simply looking at the agreement as I find it here today and making my own personal judgment concerning it.

Mr. President, how much time have I used?

The PRESIDING OFFICER. The Senator has used 29 minutes.

Mr. BYRD. I thank the Chair. I kept my word.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I say to Senator BYRD, I purposely came to the floor so I could hear his remarks, and I was here for all of them. I cannot respond right now, because the call of duty has me going somewhere else. But four or five of the points the Senator makes, I will state our versions of them, which I think are different than your assumptions.

I share some concerns. It is clear that if I were producing a budget and I were the king and all I had to do was do it myself, while I might come and confer with you, it would not be this budget. But we have to get a majority of the Senators to vote to reduce this deficit.

Frankly, I believe it is a pretty good plan. I think your analysis of the

taxes, the tax cuts—I think we have an explanation that is slightly different, maybe in some respects greatly different, than you assume.

I would say one thing with reference to the appropriated accounts—well, let me say two things. It is most interesting, you have properly stated how much the President cuts discretionary programs. You would then, I am sure, agree that if we took the triggered part of his budget, it even cuts it more. That is the one that is on par—or did you use the triggered numbers? It would be more.

Mr. BYRD. I already took that into account in my numbers.

Mr. DOMENICI. There are two budgets, one which uses the Congressional Budget Office assumptions and one which uses the President's own assumptions. In each instance, the amount of the cuts are different.

But I would say one answer to your concern might be that you might adopt some of the President's Cabinet's approach to out-year appropriated accounts, for they come around and testify they are meaningless; it goes 1 year at a time, and not to worry about it. Frankly, we have not done that because we figure we need some of the savings. But when you put a budget down, you have to stand by it. You cannot find excuses and say it really is not real.

The second point is, we are fully aware that it would be grossly unfair, and probably not good for the country, to not get the entitlement cuts and insist on all of the discretionary. You would have some things out of proportion, and you probably would not get a balance. If you read the report and the resolution, it says if, in 1998, the entitlement savings have not occurred, then the caps are off discretionary accounts. That is not of great help, but it does at least make the point that we are fully aware that to get the balance, you have to have the entitlement savings; you cannot just do the discretionary accounts.

I will return and have a few additional comments. I yield the floor at this point.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, while the distinguished Senator from New Mexico, the chairman of the Budget Committee, is on the floor, I would like to ask him a question.

The PRESIDING OFFICER. The Senator from New Mexico has yielded the floor.

Mr. BYRD. Mr. President, do I have the floor?

The PRESIDING OFFICER. Yes, sir.

Mr. BYRD. Mr. President, I ask unanimous consent that notwithstanding I have the floor, I may ask a question of another Senator without losing my right to the floor.

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

Mr. DOMENICI. I am really going to be in a meeting. I will come back and answer any questions the Senator has within the next 30 or 40 minutes. I am supposed to be in Representative ARMEY's office at this moment, but I will come back, if the Senator has some questions.

Mr. BYRD. I thank the Senator.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time? If neither side yields time, time will be charged to both sides equally.

Mr. GORTON. Mr. President, I suggest the absence of a quorum and ask unanimous consent the time be charged equally against both sides.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. 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. CONRAD. Mr. President, I have noted with interest over the last several weeks that our colleagues on the other side of the aisle have repeatedly spoken of the need for a balanced budget amendment to the Constitution. They have talked repeatedly about the need for deficit reduction.

I believe we do need to balance the budget. I believe we do need significant deficit reduction, because we face a demographic time bomb in this country. That demographic time bomb is the baby boom generation. When they begin to retire, they will double, in very short order, the number of people eligible for Social Security and Medicare, and that is going to put severe pressure on the finances of the United States. So it is critically important that we get our fiscal house in order.

Mr. President, given all the rhetoric that has come from the Republican side of the aisle about the need to balance the budget, about the need for deficit reduction, I looked with anticipation at their budget proposal that is, after all, the work that they now control. They control the House of Representatives. They control the U.S. Senate. As everyone in this Chamber knows, and everyone knows in the other House, the President is not involved with the budget resolution. He cannot veto it. He plays no role in it. This is completely a creature of the two Chambers, the House and the Senate, controlled by the Republican Party.

So I think, given the rhetoric, one would anticipate that if you look at the budget proposal, the Republicans would be reducing the deficit. What a shock it is to look at the budget proposal before us and find out that our Republican friends, instead of reducing the deficit, are increasing the deficit.

Let me repeat that, because I am certain a lot of people will find that hard to believe. After all of the rhetoric, after all of the discussion that said we are going to reduce the deficit, that that is the priority, if you look at the plan before us, it does not reduce the deficit, it increases the deficit.

Mr. President, this year the deficit is going to come in at $130 to $140 billion. Next year under this plan, the deficit will not go down, will not be decreased, will not be cut, the deficit will go up. The deficit will go up to $153 billion. The next year it will be $147 billion, both higher than the deficit we have now.

Sometimes I think the popular image is the Democrats are less in favor of deficit reduction than our friends on the other side of the aisle, but if one looks at the record, one finds quite a different result.

When President Clinton came into office, he inherited a deficit of $290 billion. That was the deficit in 1992. In 1993, we passed a plan that not a single Republican supported, and that plan led to a reduction in the deficit the next year of $255 billion. The next year it was further reduced to $203 billion. The next year it was reduced to $164 billion, and now this year, $130 to $140 billion—4 years of deficit reduction, the first time since the administration of Benjamin Harrison.

I think in fairness, one has to say the Democratic record of deficit reduction in the Clinton administration has been a good one. And I must say, I am disappointed our friends on the other side of the aisle, when they have a chance to exercise control over the budget, come in with a proposal that, instead of reducing the deficit, raises the deficit. That is not the direction we ought to be going.

I am still hopeful that we will go back to an approach of a bipartisan attempt to do what we all know must be done, which is to put this country on a path to fiscal responsibility. Not just rhetoric, but the reality.

I must say, I read in the paper this morning that some House Republicans were in revolt, because they did not come here to raise the deficit, but that is precisely what their plan does. Mr. President, I intend to vote against that plan. I hope other of my colleagues will vote against that plan as well, because not only does it raise the deficit, but it contains a set of priorities that are virtually the same set of priorities that we were confronted with last year which the American people soundly rejected—soundly rejected.

We should not go on that path again this year, and we certainly should not be voting for a plan that raises the deficit.

I thank the Chair and yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, if my colleague will stay just for a moment, I would like to engage in a colloquy with him about a point the Senator from West Virginia made.

I have been listening to part of the debate and participating in part of the debate. I found the representation both

on the floor of the Senate and even in the newspaper this morning very interesting. It says ''House Narrowly Passes Balanced Budget Plan,'' which is the plan we are talking about here. This is the plan the House narrowly passed yesterday, described as a ''balanced budget plan.''

This piece of paper is on every Senate desk. It is laying here on mine, but every Senate desk has it, and this is the actual conference report. On page 4 of the actual conference report, it says, ''Deficits,'' and then in the year 2002, it says, ''$103 billion in deficits.''

The Senator from North Dakota, Senator CONRAD, has spoken on this before as well, but it seems to me what this does is technically comply with the law, because the law says that you cannot use Social Security trust funds to portray in a piece of legislation like this that you have balanced the budget. But with the exception of this notation on page 4 that the deficit is going to be $103 billion in 2002, with the exception of that one notation, every other piece of information given on the floor of the Senate, every speech given by the majority that brings this to the floor alleges this is a balanced budget.

Is it just out of step, I guess, with common practice to be able to ignore what you put in the legislation and claim something different? Can Senator CONRAD answer that question? I guess the question I would ask is, what is the circumstance that allows this kind of hoax to continue?

Mr. CONRAD. In answer, Mr. President, I might just say it is perhaps one of the most perplexing stories in this town, because this is not a balanced budget plan. I mean, honestly stated, to take the retirement funds of the people of the United States and throw those into the pot and call it a balanced budget, frankly, borders on laughable. There is a $103 billion deficit by the year 2002 under this plan.

Sometimes I think the media just do not get it. They are reporting on what we call the unified budget. The unified budget is when you put everything into the same pot and then you see whether you have balance or not. The problem with that, of course, is that includes Social Security, all of the receipts and all of the expenditures. Social Security is not contributing to the deficit, as the Senator from North Dakota knows, Social Security is in surplus, substantial surplus. And that is going to continue. In fact, those surpluses are going to grow, and the reason we put a plan in place to have Social Security surpluses grow is because we are getting ready for when the baby boom generation retires.

But, of course, we are not getting ready; we are spending every dime. As a result, to call these balanced budgets is not accurate. It is misleading.

Mr. DORGAN. If the Senator will yield further, on the same page it says, ''Social Security revenues,'' and they are anticipating how much in revenues will come in to the Social Security Program during the next 6 years.

During the 6 years, the revenues from Social Security, which is the payroll tax everyone pays from their paycheck while they are working, will increase by $100 billion over the 6 years. It will go from $385 to $487 billion. In other words, this contemplates that from the payroll taxes, which are regressive taxes, will rise by $100 billion. People talk about flat taxes. These are the flat taxes. This is totally flat. Every worker, no matter what their income is, pays the identical percentage of payroll tax. That payroll tax will increase the proceeds to the Federal Government by $100 billion in the 6 years.

The solemn promise that has been made in law is that increase in the regressive payroll tax is designed to be put in a trust fund to be saved for when it is needed when the Social Security System will exhibit some strains when the war babies retire. It is interesting to me that the $100 billion increase in the regressive payroll tax is clearly not going to be saved, if you listen to the other side claim they now have balanced the budget, because they clearly are taking that $100 billion on the bottom of page 4 and saying, ''Well, we don't care what the promise is with respect to taking that from workers and putting it in the trust fund, we intend to use it to balance the budget.''

At the same time they want to construct a budget they say needs balancing, they want to reduce taxes. Yes, they want to cut the alternative minimum tax for corporations, they want to make it easier to move your plant overseas by giving a tax break, they want to enact a whole series of tax cuts. Most of those tax cuts will benefit upper income people.

They want to bring, next, to the floor of the Senate a proposal to build up to a $60 billion star wars program. There is an unending appetite to spend money on the part of even those who claim they are balancing the budget, but are not balancing the budget in this proposal.

I ask Senator CONRAD about the $100 billion increase in Social Security revenues that are anticipated in this budget. Does it not appear as if those are the revenues that they would then use to claim they have balanced the budget, when in fact they have not?

Mr. CONRAD. In fact, if you take the amount of money over the 6 years, it is $525 billion of Social Security surpluses that are going to be used to say that the budget has been balanced. So $525 billion of Social Security surpluses are going to be looted or raided, or whatever terminology one wants to apply in order to claim a balanced budget.

This is not a balanced budget. In fairness, I think one ought to say the President's plan is also not a balanced budget. Even the plan that I was part of, part of the centrist coalition, was not truly a balanced budget. None of these plans are truly balanced budgets.

In fact, the only plan that we have had a chance to vote on in the last 2 years that was truly a balanced budget was the one I offered last year, and the Senator from North Dakota supported it, the fair share balanced budget plan. That did balance without counting Social Security surpluses. It is the only budget that has been voted on on the floor on the Senate that was a true balanced budget plan. That got 39 votes here in the U.S. Senate. Obviously, 39 votes does not prevail.

I just say, the media, when they report, ought to tell the people accurately and honestly what has happened. Because to take retirement funds and throw those into the pot and call it a balanced budget, if we were doing that in the private sector, if in any company you took the retirement funds of employees, threw those into the pot, and said you were balancing the budget, you would be headed for a Federal institution. It would not be the U.S. Congress. It would be a Federal facility, a law enforcement facility. You would be headed for Federal prison because that is a violation of Federal law.

Mr. DORGAN. Let me make one additional comment.

Mr. President, I know the Senator from Nebraska wishes to contribute on these subjects. But the Senator from North Dakota says something I said yesterday. The President's budget also is not in balance, nor was the bipartisan budget in balance. I have never claimed they were. But those who bring this to the floor who claim they are in balance are wrong. This is not a balanced budget.

I only make the point that the Senator from Nebraska has been on the floor talking about this budget issue. I read his statement yesterday. I did not hear his statement when he made it, but I read it in the CONGRESSIONAL RECORD. He makes the point that I think is very important.

We ought not be talking about tax cuts. I know that might be popular. We ought to set the issue of tax cuts aside, talk seriously about how do you honestly and really balance the budget, do that job, finish that job, then come back to the question of how do you construct a tax system that eliminates or reduces some of the burden on middle-income people? That is what we ought to do.

But instead of that, we have a bunch of folks out here who wave their arms and flail around on the floor of the Senate and claim they have a balanced budget, which is not in balance; and then in the next breath say, ''We not only have a balanced budget''—that is not in balance—''but we want to cut taxes and increase spending.''

What on Earth kind of priorities are those? That does not make any sense. I could understand if there was a consistent approach, even if it was wrong. I can understand consistency. But to be consistently inappropriate in the way you approach this issue just makes no sense.

How can you be for a balanced budget and then come to the floor with this

and be consistent about wanting to do the things that reach a balanced budget? This is not advertising. I mean, this is not some marketing game we are playing. The issue is, are we going to solve this problem?

This document is a remarkable document, not only for what it says, but for what it does not say. What it says is, ''There they go again.'' That is what it says. That is what the Senator from Nebraska said. It is the same tired, old set of priorities. ''Let's take money from the health care for the elderly and give it for tax breaks for upper income folks.'' There they go again; the same set of priorities.

But even more important than that, the inconsistency here is stark, the inconsistency of saying we want a balanced budget, then proposing one that is not in balance and then in the same breath saying let us reduce revenue by giving tax cuts to those, especially those at the upper end, who do not need it. And then let us spend more money especially on things like star wars and other defense boondoggles that cost tens and tens of billions of dollars. The inconsistency is incomprehensible. Senator CONRAD made that point and Senator EXON has made the point as well.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, how much time is left?

The PRESIDING OFFICER. The Senator from Nebraska has 13 minutes remaining.

Mr. EXON. How much?

The PRESIDING OFFICER. Thirteen minutes.

Mr. EXON. Mr. President, I have three other speakers who wanted 5 minutes each, including the leader.

At this point, Mr. President, I thank the senior Senator from West Virginia for the kind remarks that he made about this individual with regard to the budget. He is a real stalwart. I have enjoyed working very much with Senator BYRD over the years.

Mr. President, I ask unanimous consent that an analysis of the Republican budget, prepared by the Democratic staff of the Senate Budget Committee, be printed in the RECORD.

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

ANALYSIS OF THE REPUBLICAN CONFERENCE REPORT ON THE FISCAL YEAR 1997 BUDGET RESOLUTION PREPARED BY THE DEMOCRATIC STAFF OF THE SENATE BUDGET COMMITTEE

INTRODUCTION

With the filing of this conference report, all of the efforts of the Republican majority to portray their budget as moderate are in vain. The Republican majority have done a superb job to airbrush their budget, but the American people can see the real thing—warts and all.

It retains the same unflattering profile as its predecessor: unnecessary reductions in Medicare and Medicaid paying for tax breaks for the wealthy. This is in fact the Newt Gingrich Budget. And as Senator DOLE leaves Capitol Hill for the campaign trail, he leaves whatever is left of his budget to the tender mercies of the extreme right. They will give it their full attention.

This rehashed budget is part and parcel of the Republican strategy of no-work and all-political-play. They wanted to ram through their failed and stale political agenda and confront the President at every turn of this crooked legislative road. Worst of all, two of the three baby reconciliation bills the conference report creates will be devoted largely to cutting taxes—an act that will worsen the deficit.

The House is already working its voodoo in this conference report. At least the Senate language required that all the entitlement spending reductions be enacted into law before we considered the tax breaks. The House shamelessly tossed that requirement out the window and the Senate concurred.

The first reconciliation bill contains Medicaid, welfare, and tax breaks. So much for performing deficit reduction before doling out the tax breaks. So much for fiscal conservatism. The first reconciliation bill will reduce the deficit by just $2 billion, if it reduces the deficit at all. This is as plain as the light of day. The majority now want to eliminate the Medicaid guarantee of meaningful health care benefits for 18 million children, 6 million disabled Americans, millions of nursing home residents, 36 million people in all, to fund their tax breaks.

The conferees assume a net tax cut of $122 billion, yet Chairman Kasich maintains that the cuts will be as large as $180 billion. There is not a single specific mention of closing tax loopholes or of ending corporate tax giveaways. The same budget that eagerly reduces funding for our Medicare and Medicaid programs cannot find the courage to call upon the special interests to assume any of the burden of balancing the budget.

The Republicans cling to the tax breaks—the tax breaks that fuel the reductions in Medicare and Medicaid and divide our great Nation. That is why they and this budget will ultimately fail. And that is not only a tragedy for the departing Majority Leader but for the American people as well.

MEDICARE

The reduction in projected spending for Medicare is still too large. The Republican budget reduces Medicare spending by $168 billion and proposes $10 billion in new spending for a graduate medical education trust fund. Under these assumptions, Medicare spending per beneficiary falls dramatically below comparable private sector growth rates, reducing quality and access to health care for millions of middle-class Americans. Private health care costs are expected to increase by 7.1 percent per beneficiary compared to a 4.7 percent per-person rate in the Republican plan—a 34 percent difference. The GOP plan will dramatically cut the purchasing power that seniors have for health care.

The plan also includes a premium increase for high-income beneficiaries and a $123 billion reduction in Part A. Details on the premium increase are not available. The American Academy of Physicians, the American Hospital Association, and the American Association of Retired Persons concur, however, that the proposal contains deeps cuts in payments to hospitals, which could result in cost-shifting, undermine quality, and threaten the finance viability of many rural and urban hospitals.

Damaging structural changes proposed by the Republicans will risk turning Medicare into a second-class system for seniors who cannot afford to opt out of traditional Medicare through Medical Savings Accounts. These changes would segregate the sickest and least affluent beneficiaries into in a severely weakened fee-for-service program.

The President proved you can balance the budget with far less Medicare savings while keeping Medicare solvent and protecting seniors from new costs. The President's budget cuts Medicare by $50 billion less than the Republican plan but maintains solvency for 10 years. The President's budget shows that premium hikes, deep reductions, and damaging structural changes are not necessary to balance the budget and guarantee the life of the Medicare trust fund. By preserving cuts in corporate subsidies for tax cuts for the rich, the Republicans are forced to reduce the growth of programs for middle-class Americans far deeper than the President's plan.

REDUCTIONS FROM LOW-INCOME PROGRAMS

Although the Republican budget does not identify all of the assumptions behind cuts in mandatory programs, more than 42 percent of these savings come from programs that help low-income Americans.

MEDICAID

The Republican budget includes $72 billion in Medicaid cuts. This could translate into total cuts of more than $250 billion if states spend only the minimum required to receive their full allocations. If this occurs, spending growth per person would be reduced to a level below the general rate of inflation.

Recently introduced Republican legislation shows that they have not backed down from their proposal to block grant Medicaid and to eliminate health care guarantees for the elderly, disabled, and pregnant women and children. The Republican bill distributes more than 96 percent of the funding in exactly the same way as last year's Medigrant proposal.

As the Democratic Governors have pointed out, these Medicaid provisions do not reflect the bipartisan National Governors' Association proposal, because the NGA agreed that States must be protected from unanticipated program costs resulting from economic fluctuations in the business cycle, changing demographics, and natural disasters. The umbrella fund included in the new Republican proposal is not sufficient to achieve that goal.

Under this proposal, 36 million people will lose their guaranteed access to health care. Those who do receive coverage will no longer be guaranteed a basic level of benefits. States could be forced to deny coverage to millions of children and people with disabilities, and to older Americans who rely on Medicaid to pay for nursing home and long-term care.

Welfare

The Republicans claim to adopt the National Governors' Association's welfare reform recommendations. The Republican budget cuts $53 billion from welfare programs, however, significantly more than the $43 billion in savings attributed to the bipartisan NGA proposal. Recently introduced Republican welfare reform legislation does include several provisions requested by the Governors. But, as the Democratic Governors have pointed out, the Republican plan cuts food stamps more than the NGA proposal, rejects the NGA's work requirements, and includes a 20-percent cut in the Social Services Block Grant, which will undermine states' efforts to make sure that adequate child care will be available. The Republican bill also eliminates the provision supported by the NGA that States maintain their current level of effort in order to receive Federal foster care funding.

The Republican Medicaid and welfare bill was crafted with no Democratic input. It

would appear that the Republicans would rather play election-year politics than work toward real, bipartisan reforms that could be signed into law.

Earned Income Tax Credit

The Republican plan includes $18.5 billion in cuts to the Earned Income Tax Credit (EITC). The EITC helps low-income working families stay off welfare and out of poverty. The conference report does indicate that the tax credit would end for 4 million childless workers, and states that the EITC would be ''coordinated'' with the $500-per-child tax credit. Most families who receive the EITC, however, would be ineligible for much, if not all, of the child tax credit. The same claims were made last year, but analysis of the final proposal indicated that more than 7 million working households would have had their taxes increased under the EITC provisions in the vetoed reconciliation conference report.

EDUCATION

No Real Investment in Education and Training

The $1.3 billion by which the Republicans increase education funding from 1996 to 1997 is wholly insufficient to maintain the levels agreed to in the 1996 omnibus appropriations bill. In fact, over 6 years, the conference report is below a CBO 1996 freeze by $11 billion for Function 500 (Education, Training, Employment, and Social Services) discretionary spending. It is clear that the Republicans have still not learned that the American people, a majority of Congress, and the President believe that adequate funding for education programs is essential.

The trivial increase included in the conference report of $2.6 billion over 6 years over the Republicans baseline for Function 500 discretionary spending is shameful given how important education and training is to our Nation. The President's budget, by contrast, invests $59.4 billion more than the Republican budget. In real terms, the conference report reduces education and training spending by $25 billion over 6 years.

Capping the Direct Student Loan Program

The conference report proposes capping the Federal direct student loan program, crippling this successful program. (The conference report does not provide a volume amount at which this cap would be set. The House-passed budget resolution eliminated the program, while the Senate capped it at 20 percent.) Since schools participating in the direct loan program currently handle nearly 40 percent of loan volume, hundreds of schools will be forced out of the program. This will lead to disruptions and disarray for colleges and universities and considerable headache and uncertainty for students. The Republican majority does not believe that competition and choice belong in the student loan market; they want to assure banks and guarantee agencies continued access to Federal subsidies.

Even though the Republicans claim outlays savings of $3.7 billion over 6 years from their cap on direct lending, their proposal would cost, not save billions, if it were scored under the existing rules of the Credit Reform Act. The Republicans add $5.8 billion in outlays to the deficit through a ''baseline adjustment'' directing the Congressional Budget Office to override the Credit Reform Act in its scoring of student loan programs.

THE ENVIRONMENT

Over the next 6 years, the Republican budget cuts $3.8 billion from essential environmental and natural resources programs, a 17 percent cut below the President's level by the year 2002, including a 23 percent reduction for the EPA's enforcement and operations activities and a 36 percent reduction for the energy conservation programs. The Republican plan uses these reductions to let polluters off the hook, to the tune of $5.4 billion, by financing taxpayer spending for Superfund cleanups rather than requiring responsible parties to pay the cost.

The Republican budget plan also assumes a $1 billion of savings will be achieved from the opening of the Arctic National Wildlife Refuge (ANWR) to oil and gas development, putting at risk one of our national treasures. The Republican plan would weaken EPA's ability to protect public health and the environment and lead to further deterioration of the National Parks. The Republican plan jeopardizes administration priorities such as the environmental cops on the beat program, the Partnership for a new Generation of Vehicles, and the Climate Change Action plan.

CRIME AND JUSTICE

The Republican budget, as approved by the conferees, actually decreases the funding level from both the House and Senate budgets for the Administration of Justice function (Function 750). The proposed funding level is $20.9 billion, and is well below the House level of $22.1 billion and the Senate resolution of $21.7 billion, and considerably below the $23.5 billion requested by the President.

The Violent Crime Reduction Fund (VCRTF) would be funded at only $4.7 billion, which is $300 million below the $5 billion authorized level. The President requested that the Trust Fund be funded at the full $5 billion level. In addition, funding for the VCRTF is not included for the years 2000 and 2001. The President's budget assumes continued funding for the Trust Fund in those years. It is unlikely that our need to commit adequate resources to fighting crime will end after the year 2000.

At a time when Americans continue to express concerns about the level of violent crime and the need to continue an aggressive war on drugs, this Republican budget would actually spend less money ($20.924 billion) in 1997 than was allocated in 1996 ($20.969 billion).

The Republicans continually depict the President as soft on crime and not aggressively pursuing the drug war. This Republican budget at $2.6 billion below the President's request, however, clearly demonstrates that Congress, not the President, is placing a low priority on fighting crime and achieving justice in America.

TAX BREAKS

No one should be fooled into believing that the Republicans intend to limit their tax breaks to $122.4 billion, as claimed by the conferees. The Republicans try to hide the size of their tax breaks by not including in their baseline the extension of three expired excise taxes dedicated to trust funds and by counting the cuts over 6 years as opposed to last year's 7 years. The Republicans are not backing off of their huge tax breaks; they are merely disguising them with clever gimmicks. Simply extending the excise taxes will raise the tax cut to $155 billion. House Budget Committee Chairman Kasich claims that the tax breaks will be in the range of $180 billion.

On its face, this budget does not even pay for the one tax cut it endorses, as the child tax credit costs about $137 billion. Unlike the cost of the child tax credit that grows incrementally each year, the Republican tax cut in 2002 is reduced to $16.6 billion from a 2001 level of $22.6 billion. If the child tax credit is indeed the only assumed tax cut, then it must be sunsetted or triggered-off in some way in 2002, perhaps by lowering the size of the credit.

The Republican budget does not call upon special interests to assume any of the burden of balancing our budget. While President Clinton has proposed that $40 billion be raised from corporate reforms and loophole closing legislation, the Republican budget lists no savings from those categories.

The Republican budget allows for a ''deficit neutral'' tax relief bill that will most likely include capital gains tax breaks and other tax cuts. Chairman Domenici has repeatedly asserted that tax increases can be used by the Finance Committee to offset additional tax decreases. If the past is any guide, the Republicans will soon be proposing to raid pension funds for working families as a way to pay for tax cuts that benefit primarily our wealthiest citizens. As many of the other corporate reform provisions in the Balanced Budget Act have already been promised to pay for other legislation before the Senate, it remains unclear what will be used to offset the costs of any additional tax breaks.

Experience tells us to be very wary of Republican promises of who will benefit from their tax breaks. Last year's vetoed Republican reconciliation bill devoted 47 percent of its tax cuts to people making more than $100,000. Chairman Kasich has already promised that this year's tax breaks will likely be more of the same.

NATIONAL DEFENSE AND INTERNATIONAL AFFAIRS

For 1997, the Republican conferees adopt the Senate position and increased defense spending over the Pentagon's 1997 request by $11.3 billion. In 1998–2002, the conferees more or less split the difference between the House and the Senate resolutions. This $11.3 billion increase in 1997 tops last year's Republican budget, which increased spending over the Pentagon's request by $6.9 billion. As demonstrated by recent action in the House and Senate authorizing committees, much of this increase will go toward wasteful programs that the Defense Department does no want and did not request. In 1998–2002, the conferees allow the defense budget to grow at a rate slower than inflation, yielding spending levels that are well below the President's request for 2001 and 2002. In comparison to last year's budget resolution, this year's effort provides defense with $7.7 billion more in real purchasing power.

For International Affairs, the conference report provides $18.2 billion for 1997, which exceeds what was recommended in both the House and Senate resolutions. Despite this relative increase in funding, this allocation is still $1.0 billion less than the President requested and $260 million less than appropriated last year. For the period 1997 through 2002, the Republican budget provides over $18 billion less than the President requested for International Affairs. These reductions will undermine our global leadership responsibilities and compromise our ability to advance core national interests. Republicans once again talk the talk of being a global superpower, but then refuse to walk the walk by allocating the funds necessary to act like one.

PROCESS IN THE BUDGET RESOLUTION

The Republican budget contains instructions for three different reconciliation bills to try to maximize Republican exposure during this election year.

The first reconciliation bill addresses welfare, Medicaid, and tax breaks. The resolution moves the tax breaks up into the first bill, which will barely reduce the deficit, if it does at all. The House committee reporting date is this coming Thursday, June 13, and the Senate committee reporting date is June 21. The Senate committees instructed are Agriculture and Finance (both direct spending and revenue reductions).

The second reconciliation bill is devoted solely to Medicare. The House committee reporting date is July 18, and the Senate committee reporting date is July 24. The only Senate committee instructed is the Finance Committee, and for only direct spending.

The third reconciliation bill addresses miscellaneous direct spending and, once again, tax breaks. This way, if the President vetoes the first tax break bill, Congress can send him another. The House committee reporting date is September 6, and the Senate committee reporting date is September 18, not even a month and a half before the election! Senate committees instructed for this bill include Agriculture, Armed Services, Banking, Commerce, Energy, Environment, Finance (both direct spending and revenue reductions), Governmental Affairs, Judiciary, Labor, Veterans. Reporting is no longer contingent on passage of the prior two reconciliation bills, as it was in the Senate-passed reconciliation bill.

You can bet that there will be a continuing resolution—a C.R.—this year. That's because section 307 of the budget resolution—comically named the ''Government Shutdown Prevention Allowance''—provides that the Budget Committee Chairman can boost the allocations to the appropriators and lift the appropriations caps by $1.3 billion in outlays (enough to get to a CBO freeze) if and only if the appropriators report out a C.R. The only question now is, will the FIRST appropriations bill be a C.R.?

The Republican budget contains a tax reserve fund that allows tax cut legislation to be offset by spending cuts. The types of tax breaks allowable show the Republican priorities: family tax relief, fuel tax relief, and incentives to stimulate savings, investment, job creation, and economic growth—read capital gains—so long as the legislation does not increase the deficit.

The Republican budget contains a reserve fund to reauthorize superfund. This will allow discretionary spending to be moved off budget to pay for cleanup without holding original polluters responsible.

The Republican budget contains a provision requiring that asset sales be counted, rejecting the compromise present-value language agreed to on the Senate floor.

The Republican majority has given us another extreme budget, and the Senate should reject it.

Mr. EXON. Mr. President, in view of the fact that we have roughly 10 minutes left—as I understand it, we are planning to vote at noon, I ask the Senator from Washington.

Mr. GORTON. The Senator from Nebraska is correct.

Mr. EXON. Mr. President, in order to expedite the proceedings, I ask unanimous consent that the final 10 to 12 minutes, whatever time is left on the Democratic side, be reserved for use between 11:40 and 11:55 this morning.

Mr. GORTON. Reserving the right to object, would the Senator from Nebraska make that period of time end at 11:50 so that the Senator from New Mexico, as the proponent, may have the last 10 minutes? Can the Senator move it forward a little and end at 11:50?

Mr. EXON. Yes, if the Senator wants that. I agree to amend the unanimous consent request as suggested by the Senator from Washington.

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

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

Mr. GORTON. Would the Senator withhold?

Mr. EXON. I withhold.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I regret the absence from the floor of the two Senators from North Dakota who just engaged in a discussion of this and of other budget proposals. But even in their absence, their statements should not go without response.

At one level, the so-called Social Security argument, the proposition that these budgets are not balanced, we are dealing with mere debating points, and relatively outrageous debating points at that.

At a second level, the concerns of the Senator from North Dakota, Mr. CONRAD, who was a part of the same bipartisan group attempting to reach a common ground on that issue, as I was, I wish my remarks to be more serious. I think his were more pointed and more thoughtful. I will try to do the same.

More than a year ago, at the time at which this argument about whether or not payroll taxes and Social Security benefits should be counted when we determine whether or not the budget was balanced, Charles Krauthammer, in his column in the Washington Post, wrote:

In my 17 years in Washington, this is the single most fraudulent argument I have heard. I do not mean politically fraudulent, which is routine in Washington, in a judgment call anyway; I mean logically, demonstrably, mathematically fraudulent, a condition rare even in Washington, and a judgment call not at all.

Why did Mr. Krauthammer, an outside observer, write about this argument in this fashion? For one simple reason, Mr. President. The budget deficit of the United States of America, however many billions of dollars we are speaking of, is an exceedingly simple concept, readily understood by any citizen of this country. It is the difference between the amount of money the Government of the United States spends every year and the amount of money the United States takes in every year.

Unfortunately, for various and sundry purposes, some good, some not so good, we have frequently passed laws that put some of these receipts into a particular fund, spend out of that particular fund, and then we have gone beyond that process to pretend they are not a part of the budget or of the budget deficit. But they are.

The payroll tax is a tax which the Presiding Officer pays and I pay and every other working American pays, just to exactly the same extent that the income tax is a tax or an excise tax is a tax. The money spent by the Federal Government is a Federal expenditure, however worthy or unworthy its purpose, whether it is wasted or spent highly constructively.

When we speak of a balanced budget in the year 2002, we speak of it in the sense of how much money we are spending and how much money we are taking in. When President Clinton says that he has a balanced budget in the year 2002, he speaks of it in the sense of how much money we spend and how much money we take in. When the bipartisan group, of which the Senator from North Dakota was a part, speaks of a balanced budget, it uses exactly that same concept.

My gosh, Mr. President, by the argument that we received over here, we can balance the budget this year. All we have to say is that $150 billion of money we spend is not on the budget. Let us pass a law. Just pass a law. Let us say all the money that we spend on national defense is not counted on the budget. Presto, we would have a surplus, and we could all go home, and the budget would not be unbalanced.

Mr. President, obviously, it is not as easy as that. The money we spend on national defense does count. The money we spend on Social Security does count. The money that comes in our payroll taxes does count. When we count everything, the budget is passed.

Even worse, Mr. President, some Members voted against a constitutional amendment to balance the budget unless we included in it this fiction that payroll taxes for Social Security purposes and payments to Social Security recipients did not count. Mr. President, that is especially outrageous because by the time the constitutional amendment was ratified and became fully effective in this country, it would have exactly the opposite effect that the proposal has today.

Today, the proposal outlined by the two Members from North Dakota would say we cannot count as balanced a budget that is, in fact, balanced. We have to state there is a $100 billion deficit because in that particular year, the Social Security taxes are taking in $100 billion more than is being paid out in benefits.

We all know, we have been told, we know inevitably that sometime relatively early in the next century, exactly the opposite will be the case: The Social Security trust fund will be paying out more money than it is taking in.

So if these Senators have their way, in 10 or 15 years we will be able to claim a budget is balanced while the Social Security trust fund is going bankrupt and while the country is, in fact, obligated to spend hundreds of billions of dollars every year that it does not have. The books will say the budget is balanced in exactly the same way that it would say that they were balanced today if we just decided to take national defense off budget and claim the money we were spending on it did not count, for some reason or another.

It is for that reason, Mr. President, that Charles Krauthammer, a year and a half ago, said this was the most fraudulent argument he had ever heard in 17 years in Washington, DC. That is not the real issue before the Senate, in our judgment, as to whether or not to

pass this budget resolution. That judgment really rests solely on the question, is it time to begin to move honestly toward a balanced budget? Is it time to arrest the growth rate of a handful of entitlements which each year take a larger percentage of our budget and each year contribute more to our budget deficit? Is it time to assure that we are going to have enough money for the very appropriated accounts about which the Senator from West Virginia was so eloquent, or are we going to allow them to be eaten up completely by these entitlements to the point which we will have no money for any of those purposes—for education, for the environment, for a park system, for the Department of Justice, because we are simply unwilling to deal with these entitlements?

In fact, Mr. President, it is true under this budget resolution, the deficit in 1997 will be larger, by a small margin, than the deficit in 1996. The deficit in 1998 will begin to go down, it will be about the same as the 1996 deficit, and then it will go down more rapidly thereafter.

Mr. President, if we were to adopt President Clinton's budget, the increase in the deficit in 1997 would be even greater, and in every single year it would be significantly more than it is under the proposal before the Senate now. Why? Because he does not arrest the growth of entitlements in the way we do. In the early years, at least, he proposes to spend much more in discretionary spending.

Mr. President, this is what I principally regret about the argument of the Senator from North Dakota. The bipartisan budget, which the two of us supported, also has a higher deficit using these figures in 1997 than in 1996. It has a higher one in 1998 than in 1997. Yet, the Senator from North Dakota and I both supported it. Why? Because, in my opinion, it does a better job in the long-term control of entitlement programs. Thereafter, it allows for at least as much in tax relief to working Americans as does ours, and allows for more in the way of discretionary spending on education, law enforcement and the like. I felt it preferable to the one we have before the Senate now, but we did not win. This one is infinitely preferable to the proposal of the President, and it is infinitely preferable to doing nothing and allowing the status quo to continue and engaging in fruitless debate-point kinds of arguments.

Mr. President, the job would have been easier had we started a year ago. The President's veto of a balanced budget then frustrated that goal. It would have been easier still if we had started 2 years before that, at the beginning of the Clinton administration, or 2 years before that in the Bush administration. For one reason or another, we did not. Now we have a series of excuses as to why we should not start now or, more precisely, why we should do it differently.

Everyone is for a balanced budget. Everyone is for a balanced budget, Mr. President. It is always a different one. It is never the one they have before them. That, accumulated over 30 years, is the reason we find ourselves in our present position.

I believe this resolution is going to pass. I think that will be a good thing. I believe the President of the United States is almost certain to veto the enforcement mechanisms which would make it a reality. That will be a bad thing.

We are likely to be back here next year, whoever is President, faced with the same challenge, but a more difficult challenge. We will be further in debt, it will be more difficult to bring these spending programs under control, but we will have the same debate once again as we do now. It will not be won by debating points. It will only be won by a support of something that is actually before the Senate and something that will actually work, that this present resolution most certainly is.

I suggest the absence of a quorum, and I ask unanimous consent it be charged equally against both sides.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. 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. DOMENICI. Parliamentary inquiry, how much time does the minority have remaining?

The PRESIDING OFFICER. The minority has 10 minutes.

Mr. DOMENICI. On this side we have how much?

The PRESIDING OFFICER. The majority has 39 minutes.

Mr. DOMENICI. I ask unanimous consent that any time charged to the minority in the immediate past quorum call be charged to the majority, because they are very short of time.

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

Mr. KERRY. Mr. President, I voted against the Republican budget resolution when it came before the Senate. I told this body my reason which distills to one simple truth: It does not reflect the priorities of the American people. Sadly, as soon as Members of the House of Representatives had their say in the budget, as soon as the influence of the Speaker of the House was brought to bear in the conference committee, a bad budget was rendered even worse.

Mr. President, the bill which lies before us is in fact the Newt Gingrich budget. After the drubbing the Republican Party took last year for holding hostage the Government and those its services help as those Republicans sought their scorched Earth budget at all costs, some of the rougher edges have been slightly rounded, some of the more severe slashes have been moderated. But this is unmistakably a budget without a heart, a budget that has no concept of investment for the future of our country and its people.

When we first considered the budget for the next fiscal year, I tried to improve the bill by restoring funds for environmental protection and conservation efforts, for education—the Gingrich budget marks the largest education cut in history—and I tried to trim unnecessary defense spending to the level requested by the President.

But then as now, the Republican Party has moved in lockstep to prevent us from providing services that the American people urgently need.

As an alternative, the President's budget continues the sound economic and fiscal policy put in place in 1993 which has halved the deficit, kept interest rates and inflation low and created more than 8 million jobs. His budget is the right way to balance the budget.

But this resolution is shameful. The Gingrich budget continues the smoke-and-mirror gimmicks vetoed by the President and rejected by the American people. It slashes Medicare, cripples education programs, and opens tax loopholes for big corporations. This is the wrong way.

Despite continuous and strong economic news, American workers feel insecure. Working families worry about their economic security; they worry about their retirement security. As I travel across Massachusetts, people tell me they are worried about their physical safety and their ability to afford health care.

This Republican budget will only exacerbate this pervasive sense of insecurity. At a time when we are fearful about the level of violent crime and the need to conduct a real war on drugs, the Gingrich budget would spend less in 1997 than was allocated in 1996 for crime prevention. At a time when Americans believe that their only chance to realize the American dream is through education, the Republican budget gives education and training funding short shrift—$56 billion less than the President's balanced budget. At a time when Americans look toward their senior years and see an uncertain future, the Republican conference report slashes Medicare spending by $168 billion.

That is the wrong set of priorities for our Nation, for our economy, and for hard-working American families, Mr. President. I reject this conference report as I, the President and the American people rejected the Republican plan last year, and as I rejected only 2 weeks ago this year's Republican plan.

I hope my colleagues oppose the Republican conference report. We can do better for the country and we ought to. I yield the floor.

WRONG BUDGET PRIORITIES

Mr. PELL. Mr. President, the budget resolution conference report now before us once again reflects the impact

of what I fear is an extreme conservative agenda that I believe is not shared by the majority of my constituents, or indeed of the Nation. I cannot support it.

I note at the outset that I was happy to support the bipartisan centrist alternative budget that was offered last month by Senators CHAFEE and BREAUX. In my view, the alternative plan took a more moderate approach based on a far more reasonable ranking of priorities.

I should also note that the budget resolution which passed the Senate on May 23 was somewhat better than the pending conference report. Although I did not vote for the bill, I was pleased that the distinguished chairman of the Budget Committee, Mr. DOMENICI, added $5 billion to discretionary spending, of which $1.7 billion was earmarked for education.

Unfortunately, that enlightened step was quickly undone by the conferees, and the budget now before us resembles all too clearly last year's ill-conceived and misguided reconciliation bill that resulted in 2 Government shutdowns and 13 continuing resolutions. It is dismaying to contemplate a repetition.

The budget before us is all wrong, in my view. It continues the preposterous inconsistency of scheduling tax cuts and continuing tax breaks while at the very same time purporting to move toward a balanced budget. It pads the defense budget by more than $11 billion. And to offset these costly steps, it depends on excessive and unwise cuts in Medicare and Medicaid as well as in welfare and education.

I am, of course, most particularly distressed by the cavalier and to my mind dangerous treatment of the Federal investment in education, which this budget would cut by 20 percent across the board by 2002. The impact would be felt at all levels of education, at a time when enrollments particularly at the secondary levels are climbing to historic highs.

At the college level, the Republican budget would cut the Pell grant program by $6.2 billion over 6 years. An estimated 1.3 million students would lose Pell grants, and the value of the maximum grant would decline by $400 per student.

College work study opportunities would be lost by 800,000 students by 2002. The Direct Student Loan Program would be capped, forcing colleges and students out of the program. And national service would be cut, denying opportunity to some 40,000 over the 6-year period.

At the secondary level, in fiscal year 1997 alone, the pending budget will have a very harmful effect on several programs of proven merit:

Cuts in education for disadvantaged children would deny funding for math and reading skills for some 344,000 children.

Safe and drug free school antidrug and antiviolence programs would be cut by $30 million next year.

Cuts in Head Start would deny preschool education to at least 12,500 children next year.

Funding under Goals 2000 would be cut for 500 schools helping 250,000 students meet higher education standards.

Reduction in funding for bilingual education would eliminate services for some 38,000 students with limited proficiency in English.

Cuts in summer jobs for youth and dislocated workers assistance will result in lost opportunities for skill enhancement for some 81,000 young people.

Mr. President, these reductions might have been justified if every last dollar had been shaved from programs less essential than education, or if national defense was seriously at risk or if every taxpayer in the country was being taxed to the limit of his ability to pay.

But the fact is that none of these conditions obtain. On the contrary, this budget provides tax cuts and tax breaks that may reach $180 billion for the wealthiest individuals in the Nation while at the same time cutting education programs by $25 billion,.

This is an unconscionable inversion of reasonable priorities and it ought to be rejected out of hand. I can only hope that our successors will bring a more enlightened and responsible attitude to the task.

Ms. SNOWE. Mr. President, I rise this morning in strong support of the conference budget resolution. I believe it provides us yet another opportunity in the 104th Congress to put our Nation's budget on a path toward balance, and does so in the spirit of compromise.

Mr. President, as if we needed any further proof of the difficulty we face in balancing the budget after 27 consecutive years of fiscally irresponsible behavior, the last year and a half has further highlighted the challenges we face in achieving this goal. Even with an overwhelming majority in this Congress expressing strong support for a balanced budget—indeed, 64 Members of this body even voted for the balanced budget amendment just this past week—and a President expressing the same support, we have still not enacted the legislation necessary to put us on a path to balance.

If there is anything that we have learned during these past 17 months, it is that some measure of compromise will be needed by all of us in order to get to what we claim to be a shared goal. The Democratic Party may control the White House, but they do not control the Congress. By the same token, the Republican Party controls the Congress, but not with a margin sufficient to unilaterally override a Presidential veto. Therefore, with neither side having control sufficient to simply make happen whatever they would like, we are forced to exercise give-and-take if we truly wish to move forward at all.

Mr. President, I believe that the budget conference report that has been crafted demonstrates give-and-take, and is a sincere effort to forge a compromise before the 104th Congress adjourns sine die. By doing so, this resolution gives us a chance to move the process forward. And through continued compromise in reconciliation, legislation could then be enacted that would put us on a path toward balance in 2002.

Therefore, I would like to commend the chairman of the Senate Budget Committee, Mr. DOMENICI, and all of the members of the House-Senate conference committee for their efforts in crafting this conference budget resolution. Their willingness and ability to put together a budget that strikes a compromise between the positions taken by the President and congressional leaders during months of often acrimonious negotiations is a testament to their commitment to balancing the budget sooner rather than later.

Mr. President, during the debate on the Senate budget resolution just this past month, I was part of a bipartisan group of Senators that offered an alternative budget resolution that split the differences on contentious issues such as Medicare, Medicaid, and tax cuts. Although that resolution was ultimately defeated by a narrow margin, it proved that compromise was possible and that Republicans and Democrats could work together and find common ground.

After the defeat of that bipartisan resolution, I voted in favor of the budget resolution crafted by Senator DOMENICI because I felt it offered a sound and reasoned approach to balancing the budget—and could also warrant bipartisan support. I regret that none of my Democratic colleagues voted in favor of that resolution because I believed that it not only offered a fiscally responsible and realistic path to achieving balance in 6 years, but it also demonstrated the ongoing commitment to compromise by the chairman of the Senate Budget Committee, Senator DOMENICI.

In an effort to gain support from Democrats as well as Republicans, Chairman DOMENICI incorporated a variety of the bipartisan budget group's 7-year savings targets in his 6-year Senate budget resolution. Now, following negotiations with the House, the Chairman is again presenting us with a plan that contains many of these similar savings targets. I therefore give this conference report my support—and am hopeful that my Democratic colleagues will reconsider their prior opposition to the Senate budget resolution.

To reach balance, the total level of savings derived in the most contentious categories of the 1997 conference report are very similar to those contained in the bipartisan budget proposal. Specifically, the bipartisan budget assumed $154 billion of savings in Medicare, $62 billion in Medicaid, $58 billion in welfare and the EITC, and

cut taxes by $130 billion. In comparison, the conference report would slow the growth of Medicare by $158 billion over 6 years, slow Medicaid growth by $72 billion, derive savings of $70 billion from reforms to the welfare and the EITC programs, and cut taxes by a net total of $122 billion.

Mr. President, despite these similarities, I am sure that there are those who will criticize this conference budget resolution on the grounds that the policies that back the numbers are wrong. I would simply remind my colleagues that a budget resolution is a blueprint and not a final package of policies for balancing the budget. The policies that embrace these targets will be crafted during the reconciliation process. We will have ample time to debate the specific policies that achieve these targets in the coming months.

Still others will argue that the savings targets contained in the 1997 conference report are unrealistic or hurtful. To those I would ask: Is it hurtful to save the Nation's Medicare Program from bankruptcy? Is it unrealistic to believe that Medicaid and welfare can be reformed in a manner that improves the delivery of services to those in need—especially the poor and elderly?

The answer to all of these questions is the same: ''Of course not.''

One striking example of the unjustified vilifying of this budget resolution is in the Medicare program. As we all learned from the Medicare trustees this past week, the Medicare trust fund is now expected to go insolvent in 5 short years—which is 1 year less than we were told just over 12 months ago—and perhaps in as quickly as 4 years. We have a responsibility and an obligation to make the changes necessary to ensure that this program—which provides essential health care for millions of our Nation's senior citizens—be preserved for 10 years.

Rather than embrace a broad budget goal for Medicare that would allow us to craft a package of reforms to preserve this program for 10 years, opponents contend that the President's plan —which contained real reforms that would only extend solvency of this trust fund for 1 additional year —should be embraced. We owe it to our senior citizens of today—and to those of tomorrow—that this vital program will not be imperiled simply because it appeared to be a good ''wedge issue'' for an upcoming election.

By the same token, Mr. President, the entire balanced budget debate is not only about today, but also about tomorrow. We must never forget that balancing the budget is not merely an exercise in national accounting, rather it is about improving the lives of every American both now and in the future. Today, a balanced budget would mean improved financial conditions for our Nation's workers and families by providing for higher growth and lower interest rates. We would effectively be putting money in the bank accounts of working Americans because they would be paying less interest on their mortgages, less on their student loans, and less on their car loans.

At the same time, balancing the budget is about preserving the future by ensuring that our children and grandchildren would not be subjected to an 82-percent tax rate or a 50-percent cut in benefits to pay for our profligate spending today. Every generation of Americans has sought to provide a brighter economic future for the next—but our unwillingness to exercise self control today is imperiling this goal for the generation of tomorrow.

I believe John F. Kennedy said it most succinctly: ''It is the task of every generation to build a road for the next generation.'' I do not believe that building this road for the next generation can be put off any longer. I do not believe that we can stand idly by while our children's inheritance is squandered.

This budget resolution provides us with an opportunity. An opportunity to forge a compromise now—not after the next election. We should not allow the forces of politics to overcome the force of responsibility.

Mr. President, I support this budget agreement.

Mr. FEINGOLD. Mr. President, the finishing touches have been applied to the leadership's Presidential election year budget, and as many of us on both sides of the aisle feared, the cornerstone of that election year budget is not balancing the books but cutting taxes.

Even the few fig leaves that were carefully placed on last year's budget resolution have been removed. The special reserve fund from which tax cuts were to be funded only after CBO certified that we were on a glidepath to a balanced budget has been removed.

Instead we have a Rube Goldberg construction of reconciliation bills, leading to a massive tax cut which, we are told, totals $122 billion, but which might actually be closer to $180 billion if one believes the Chairman of the other body's Budget Committee.

If anything, the conference version of the budget resolution provides even more opportunities for enacting a tax cut before the budget is balanced. As I understand the conference report, Congress can now consider tax cuts as part of the welfare-Medicaid reconciliation bill, or as part of a separate tax cut reconciliation bill. It is readily apparent that the goal of this year's budget resolution is not to balance the budget in 7 years, in 6 years, or even sooner.

The goal is to pass an election year tax cut.

Mr. President, the goal, and thus the budget as a whole, is entirely political—a defect that is not unique to this budget resolution. The tax cut bidding war that has been heating up for the past 2½ years is now white hot. The President is proposing tax cuts. The Republican congressional leadership are proposing tax cuts. The GOP candidate for President is about to propose tax cuts. Even the bipartisan coalition of Senators proposed a significant tax cut as part of their own budget plan, though I think many in that coalition would have preferred no tax cuts at all until we balanced the budget.

Mr. President, every time you turn around you bump into somebody about to propose a tax cut. Last week, the President proposed a $1,500 education tax credit, and there are reports that he may propose a tax break for first-time homebuyers. The Republican congressional leadership is pushing a gas tax cut, and has also proposed an adoption tax credit and a series of business tax cuts. And the Republican Presidential nominee is expected to propose a significant tax cut, reportedly as much as a 15-percent across-the-board cut in income taxes, a cut that would cost about $90 billion a year according to one report.

Mr. President, we may need an environmental impact statement reviewing the loss of all those trees that will be used to make the paper for this blizzard of tax cut bills. The Washington Post took both Presidential candidates to task for their election year tax cut proposals. That June 4 editorial noted that ''both men know better,'' and went on to say that ''the candidates are moving, both of them, against what we persist in regarding as their own better instincts toward a bidding war on taxes.''

Mr. President, I think that is a fair characterization.

I respect both President Clinton and Senator Dole, and I think they both know better than to engage in this bidding war on taxes. It is driven purely by political winds. With continuing budget deficits facing the Nation, our focus must remain on balancing the budget, not on cutting taxes.

This is true not only for the Federal budget as a whole, but also within the budget in areas such as Medicare. The recent report of the Medicare trustees came as no surprise. We have known for some time that the Medicare trust fund would be insolvent in a few years, a projection that has been all too common over the past 25 years.

We need to devote our economic resources toward stabilizing that trust fund in the short term, and ensuring its solvency in the long term. I regret that the path of this budget resolution is instead to further undermine that trust fund by putting tax cuts ahead of both balancing the Federal budget and the long-term solvency of Medicare.

Mr. President, the bipartisan budget plan that was debated here last month also had this fatal flaw. That plan, which held much promise in so many areas, was fatally flawed by having to provide funding for a tax cut that was neither politically necessary nor fiscally responsible. That it used as its funding source an across-the-board cut in Social Security COLA's not only frustrated the rest of the plan, it also may have jeopardized efforts to reform

the Consumer Price Index which so many respected authorities maintain overstates the cost of living. Making a case that the CPI needs to be modified will only suffer if the savings realized from reform are used to cut taxes rather than to secure the fiscal stability of Social Security.

Mr. President, there was absolutely no need for that bipartisan plan to include a tax cut, and I very much hope that any future bipartisan actions which may flow from that important effort begin by dumping those tax cuts and focusing every last dime of savings on balancing the budget.

Mr. President, I regret that so many have been infected by this tax cut fever. Its symptoms seem to cloud the mind. Even those who persist in believing the thoroughly disproven voo doo economics of the early 1980's can find little on which to launch their arguments for a so-called pro-growth tax cut.

As some have noted, whether or not the ''pro-growth'' set believe in those discredited policies, there is little doubt that the Federal Reserve and the financial markets do not, and the effects of any tax cut that might be enacted would be countered in short order with an offsetting rise in interest rates.

Mr. President, we can barely cut taxes and balance the budget on paper, let alone actually putting such a plan into effect. Maintaining the fiscal discipline needed to eliminate the deficit is hard enough for Congress. Adding a tax cut on top of that goal is fiscally irresponsible.

Mr. President, this budget resolution invites mischief. It provides multiple opportunities to stray from what must be our most important economic goal, namely a balanced budget. And by opening up these new fronts, it further escalates a tax cut bidding war that is already getting out of control.

Mr. President, we can expect a long, hot summer of tax cut proposals flying back and forth.

Mr. President, it may have appeal in some quarters, but the great bulk of the American people would much rather be dealt with honestly and responsibly. They know that you cannot balance the budget and cut taxes at the same time. You have to choose one road or the other.

Mr. President, let us choose the road to a balanced budget.

Mr. DODD. Mr. President, as I come to the floor today to speak on this budget conference report I am reminded of the immortal words of Yogi Berra: ''It feels like deja vu all over again.''

Because, contrary to my colleagues' protestations of moderation, this conference report repeats the same mistakes of last year's failed budget process, which twice shut the Government down. Last year's plan gutted Medicare, Medicaid, education, and the environment and was soundly rejected by the American people and this conference report seems to be no different.

Frankly, I'm amazed that after the lessons of last year the Republicans would try to hoodwink the American people into thinking that they have changed their stripes. But this budget does just that by presenting the thin veneer of compromise and moderation, while at the same time maintaining draconian spending cuts in America's priorities and tax cuts for Americans who don't need them.

But the American people will not be fooled. They learned long ago that when it comes to the Republican's budget-cutting efforts, ''All that glitters is not gold.''

Unfortunately, the only thing that shines in this budget is the repetition of the same mistakes that gave us 13 continuing resolutions and 2 Government shutdowns last year.

For example, on Medicare this conference report calls for cuts of up to $168 billion. These reductions would leave seniors with an increasingly second-class health care system. The enactment of the accompanying profound policy changes would leave the sickest and poorest Americans in a weakend and toothless Medicare program.

This conference report also represents a $123 billion reduction in part A. These cuts would limit beneficiary access to hospital health services and limit payments to hospitals. These reductions could result in cost-shifting, affect quality and leave in serious jeopardy the continuing viability of many rural and urban hospitals.

But, Republicans don't stop with Medicare. Medicaid, too, would be gutted by $72 billion in cuts and block grants that would threaten this Nation's guarantee to provide health care for children and the poor. In fact, under the Republicans' block grant approach, these Medicaid reductions could total $250 billion if States spend only the minimum required.

If this conference report were enacted, more than 36 million Medicaid beneficiaries, including 18 million children, more than 6 million people with disabilities and millions of older Americans who rely on Medicaid, would lose their guarantee of adequate health care.

But these Medicaid costs are an integral part of a conference report that finds more than 42 percent of its savings by cutting priorities that affect low-income Americans. Is this any way to balance the budget—on the backs of America's poorest citizens while at the same time including sizable tax cuts for wealthy Americans?

Additionally, I hear a lot of rhetoric from across the aisle about moving Americans from welfare to work and making the opportunity of the American Dream available to millions of Americans. Maybe one of my Republican colleagues could explain to me how we are supposed to do that when we're taking away the tools to make those dreams a reality?

In my opinion, there is no better example of the Republicans' insensitive attitude to the working poor than their proposed cuts in the earned income tax credit. [EITC].

Here we have a program that benefits millions of America's working poor that in the past has had sweeping bipartisan support and that provides an essential lifeline for those Americans trying to escape poverty.

But, while most Americans would look at the earned income tax credit and say ''Here's a Government program that works,'' my Republican colleagues look at the EITC and say, ''Here's a place to save money.'' This is akin to raising taxes on the working poor.

At at time when growing wage inequalities threaten to segregate Americans by economics, it is beyond my ability to understand how my Republican colleagues could pass a conference report that raises taxes on the working poor while cutting taxes for wealthy Americans. But, it seems those kind of skewed priorities have become the norm is this body.

Additionally, this budget continues the Republican assault on education and job training. The overwhelming desire of the American people to see Congress maintain our national commitment to education has led my Republican colleagues to increase funding. But, Americans won't be fooled by these hollow increases.

In real terms,this conference report would mean $25 billion less in education and training spending over the next 6 years. On the other hand, President Clinton understands the need for maintaining our commitment to education and job training. That's why his budget includes nearly $60 billion, more than the GOP budget, in new investments in priorities such as Head Start, Goals 2000, Pell grants, school-to-work, summer jobs, and dislocated worker training.

The President's budget also maintains our national commitments to the environment and to crime fighting, which suffer serious blows under the GOP conference report.

For example, the Republican budget cuts nearly $4 billion, from the President's request for environmental priorities such as energy conservation and EPA enforcement and maintains the GOP commitment to open up one of America's last great environmental treasures, the Arctic National Wildlife Refuge, to oil and gas drilling.

On the crime front, while Republicans like to portray this President as soft on crime, it is Republicans who are actually cutting money that helps keep our streets safe from the scourge of drugs and violent crime. For example, the Violent Crime Reduction fund would see serious cutbacks and the total funding for the Administration of Justice function would be cut by more tan $2.5 billion than the President requested.

Yet, at the same time they're cutting money for crime, education, the environment and job training, this conference report still finds enough money

to provide $11.3 billion more in defense funding than the Pentagon even requested.

This additional, unrequested funding, along with another $60 billion boondoggle for a Star Wars missile system serves as a vivid reminder of where the priorities of my colleagues across the aisle lie. And to be honest with this much in additional spending it's hard to take seriously Republican assertions that they truly want to balance the budget.

There's an inherent hypocrisy in suggesting that on one hand we need to balance the budget—even amending the Constitution if need be—while on the other hand calling for additional, unrequested defense spending and a repeal of the gas tax, which will only drive up the deficit.

What's more, these spending increases come on the heels of Republicans' continued insistence that this Congress pass tax cuts for wealthy Americans who don't need them. Last year's budget devoted 47 percent of its tax cuts to people making more than $100,000 and there is little reason to believe that this year is any different.

Stop me if this agenda sounds familiar. As one of the 11 Senators to vote against the 1991 Reagan budget plan that cut taxes, raised defense spending and plunged this Nation into deeper and deeper debt the similarities are all too familiar.

It was that plan that brought this Nation to the point we're at today. If we hadn't exploded the deficit during the 1980s this debate would not necessary. But, it seems some people never learn.

If my Republican colleagues were truly intent on balancing the budget in a fair and equitable manner they might want to look down Pennsylvania Avenue to the White House.

President Clinton has presented a budget that puts our fiscal house in order while protecting our values and priorities as a Nation. But, it seems Republicans are more intent on playing politics with this issue, rather than taking up the President's offer to continue the negotiations.

This conference report puts us in the wrong direction toward compromise, but more importantly it puts us on the wrong path toward making a better future for our children. It is my intention to vote against this conference report and I urge all my colleagues, Democrats and Republicans, to reject it as well.

Mr. ROTH. Mr. President, I rise today to express my disappointment that the fiscal year 1997 budget resolution alters my sense-of-the-Senate amendment in a way that completely changes the intent of the amendment agreed to by 57 Senators.

In February I introduced legislation that would create a dedicated trust fund for Amtrak. As chairman of the Finance Committee, I reported out this legislation with the support of my colleagues on both sides of the isle. On the budget resolution I offered a sense-of-the-Senate amendment that expressed support for this legislation—for direct funding for Amtrak—and it was overwhelmingly approved by the Senate.

While my sense-of-the-Senate amendment received strong support in the Senate, my amendment was drastically changed while in conference with the House. My amendment was supported by 57 Senators who voted for direct funding for capital improvements to Amtrak. My legislation would have been offset according to the budget rules, therefore, it would not have had an affect on the deficit. It would fund Amtrak without raising taxes, without increasing the deficit, and without cutting funding for other forms of transportation.

Unfortunately, my amendment was modified in conference. The modified version of my amendment would only create an authorization, with no direct spending for Amtrak. These are two different amendments with two different meanings. However, only my amendment was voted on by the full Senate and only my amendment received overwhelming support from this body.

Mr. President, the 57 Senators that voted in favor of direct spending knew what they were voting on. These Members know that if Amtrak is to survive, it will need direct spending to make the needed capital improvements and upgrades to equipment and shops. They also know that another authorization will not help Amtrak secure the money needed for long term capital investments.

What Amtrak needs and what the Senate voted on is direct funding for capital improvements. I conclude by expressing my profound disappointment that the conference report for the fiscal year 1997 budget resolution does not reflect the will of the Senate on this issue.

Let me also point out that my preference for the overall budget resolution would have been the lower discretionary levels as contained in the House-passed version of the budget resolution.

Thank you Mr. President and I yield the floor.

Mr. INHOFE. Mr. President, I know there is a lot of redundancy in what we all say around here, and certainly I have tried to make these points before, but we had quite a discussion this morning debating the budget resolution. During that time, I guess one of the most eloquent Senators in the history of this body, Senator BYRD from West Virginia, had some comments that I want to respond to.

One was he commented on the mistake that he made when he voted for tax cuts back in the 1980's. I suggest that there is a basic difference in philosophy. I hope it came out. I think people have to weigh this on their own.

I can remember, in 1992, a quote I attribute to Laura Tyson, the chief economic adviser to President Clinton, who said, ''There is no relationship between the level of taxation that a nation pays and its productivity.'' I think that is the crux of where we are now in our debate, whether it is about the balanced budget amendment or just a balanced budget. If you really believe that, then I can understand why people would not want to have tax cuts and why they would vote the way they do.

But I have to remind the distinguished Senator that there is no period of time in history when we had greater tax cuts than there was in the 1980's. That is when we had our marginal rates coming down so dramatically. In 1980, the total revenues for Government were $517 billion. In 1990, it was $1.03 trillion. It doubled in that period of time. During that period of time, we had the greatest tax decreases of any 10-year period in America's history. The revenues from marginal rates went, in 1980, from $244 to $466 billion.

That is where the basic difference of opinion is. People want to have more of their money to invest. For each 1 percent increase in the economy, it develops an additional $26 billion of new funds.

The distinguished Senator from West Virginia said—and this is a quote, I wrote it down—he said, ''The people of America are going to wake up and say we are tired of cutting domestic discretionary programs.'' I think that is a basic difference of opinion among many of us here. I think perhaps the majority of us do not believe that. We think the people of America are not tired of cutting domestic programs. They are tired of tax increases. They are tired of deficit increases. They are tired of having their children and their grandchildren born into an environment where they immediately inherit a $19,000 debt, and if we do not do something to change it, they will end up having to pay 82 percent of their entire lifetime income just to support Government.

Another thing that was said was said by the distinguished Senator from North Dakota, who again used the ''S'' word, I call it, star wars. I have to say, and I firmly believe it—I am on the Senate Armed Services Committee and the Intelligence Committee and I was on the same committees over in the House of Representatives—I believe there is a greater threat facing America today than there has been, certainly, since World War II, maybe since the Revolutionary War: the proliferation of nuclear weapons, weapons of mass destruction, and the lack of defense against delivery of those weapons. As the distinguished Presiding Officer knows, because he is on the same committees I am, we are in an environment where we have had slashes in the military budget for 12 consecutive years. So now we are essentially where we were in buying power in 1980 when we could not afford spare parts.

So I think it is doing a disservice to the American people to use such terms as star wars. When you realize it is not

$70 or $80 or $90 billion, we are talking about an investment that the American people have made in national missile defense today of about $50 billion. Just take the Aegis ships, 22 Aegis ships, already paid for, already floating, that have launching capability, all we have to do is spend about $4 billion more to give them the capability of getting into the upper tier to give us the defense system that we have to have.

We have rogue nations, as James Woolsey said, some 25 to 30 rogue nations, nations that have weapons of mass destruction, not the obvious ones of Russia and China and North Korea, but Iran, Iraq, and all the other nations, Syria, Libya. I think about the war that took place, the Persian Gulf war, where Saddam Hussein said, ''If we could have waited for 5 more years before we invaded Kuwait, we would have been able to have the missile capability of delivering a weapon of mass destruction at the United States of America.'' This is coming from a guy who murdered his own grandchildren, so we are not talking about normal people who think like we do.

So I would say I wanted to respond to those two statements made by those two very distinguished Senators from West Virginia and from North Dakota.

Mr. DOMENICI. 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. HOLLINGS. 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. HOLLINGS. I thank the distinguished chairman of our committee.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article in the Wall Street Journal of June 6 entitled, ''A Tax Cut Trap,'' by the distinguished journalist Albert R. Hunt.

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

[From the Wall Street Journal, June 6, 1996]

THE TAX CUT TRAP

(By Albert R. Hunt)

[*No matter how many consultants told him to make his message more upbeat . . . no one could ever convince Dole that deficits would simply ''grow away.'' Bobby Joe Dole grew up in Russell, Kansas. He saw people die from debt.*—From ''Bob Dole,'' a 1992 biography by Richard Ben Cramer.]

Bobby Joe Dole is on the verge of an epiphany on huge tax cuts aimed at helping the federal budget deficit simply grow away, according to Republican bigwigs who are prodding him in that direction. Running 16 points behind President Clinton, they want their nominee to return to those salad days when the GOP won elections by promising to cut taxes for everybody.

If a tax exists, Sen. Dole is being urged to cut it, ranging from lower capital gains rates to bigger write-offs for personal savings and donating to charities that help the poor. Overlaying this would be the big ticket: either an across-the-board 15% reduction in income taxes or a flatter income tax with only a few politically necessary exemptions.

The total tab over seven years could reach three-quarters of a trillion dollars, or three times as much as the huge GOP-drafted tax cut that played such a pivotal role in unraveling the Republican's budget plans this Congress.

Sen. Dole, who undoubtedly will propose a major tax reduction plan, probably in July, is more cautious than those giving him advice. And for good reason; skeptical voters may spot the fallacies in this supposed free lunch:

(1) It would be *sayonara* both to the centerpiece of the Republican revolution, a balanced budget, and to deficit cutting, a hallmark of Sen. Dole's 36-year congressional career (which is slated to end next Tuesday).

The Kansas Republican's contempt for supply-side tax cutters in the 1980s was legendary. In 1992 he assailed a proposed Bush tax cut as ''bad medicine,'' and last year he was quoted as saying that in the 1980s the tax cutters said, '''Everything's going to be fine.' Well . . . it wasn't. You see how the debt went up during those years.''

Dole advisers insist he'll accompany tax reductions with spending cutbacks, likely to include tax loophole closings too, and they note there'll be some stimulus effect of the massive tax cuts. But a quick glance at last year's budget battle shows just how tough this is. To finance a $245 billion tax cut the Republicans had to propose politically unpopular cutbacks in Medicare and slash so many social service programs that cumulatively their plan amounted to an assault on the poor. The conservative House Democrats, the so-called Blue Dogs, have proposed a federal budget that would balance in six years with no tax cut.

(2) The economic rationale for these cuts is full of snake oil. Proponents contend that the 1981 Reagan tax cuts produced a surge in revenues—rising, in real terms, an average of 3.8% a year from 1982 to 1989—and that the 1993 Clinton-engineered tax increase was a disaster.

Tax revenues did rise in the 1980s for one primary reason: Payroll taxes were boosted six times during that period, and rose an average of 4.8% from 1982 to 1989. Individual income tax revenues rose only an average of 2.2% and most of that was after passage of the 1986 tax reform act.

Since the 1993 act, tax revenues have risen 4.8% a year. Back in 1993 Republicans warned of the dire consequences of that deficit reduction/tax hike legislation. Newt Gingrich said it would ''lead to a recession . . . and will actually increase the deficit.'' Rep. Dick Armey (R., Texas) called it a ''job killer.'' Sen. Phil Gramm (R., Texas) was even more apocalyptic.

Here are the facts: The unemployment rate today is 5.4%; three years ago it was 7.1%. Since August 1993, seven million new jobs have been created, and the budget deficit has been more than cut in half to $130 billion. The Dow Jones Industrial Average has soared more than 2000 points, with relatively low inflation and interest rates.

(3) Under the proposed tax plans, the GOP can forget about emphasizing income inequality or the lagging middle class, issues that featured so prominently in the early primary contests.

When Sen. Spencer Abraham (R., Mich.) and others complain that individual taxes have risen 25% under the Clinton administration, they omit some pertinent particulars. The 1993 tax increase raised tax rates for only the wealthiest 1.2% of Americans. That legislation also included a tax *cut* for 15 million poor workers and their families. The average federal income tax rate for the typical family of four today is lower than it was four years ago, and lower than during much of the Reagan administration.

The Republican tax proposals being urged on Bob Dole—despite some window dressing—would amount to a considerable redistribution of income to the more affluent. If the Republican nominee opts for a flatter, two-tier tax, remember he already has vowed to retain the home mortgage deduction, charitable write-offs and deductions for state and local taxes. Thus he is left with three choices: (a) adopt rates so high that his plan loses any political appeal; (b) bust the budget; or (c) sock it to the middle class. More than 47% of the benefits of a 15% across-the-board cut would go to individuals making over $100,000 a year; less than 8% would go to people making less than $30,000.

Yeah, some Republicans counter, but the Republican nominee is so far behind he needs to try something audacious: Moreover, they relish the idea of switching the political terrain to a fight with President Clinton over tax cuts. One example: Privately, Treasury Secretary Bob Rubin—once a towering figure on Wall Street—is telling the president the evidence is that a capital gains tax cut would do little to stimulate the economy. Political strategist Dick Morris—with no experience in either tax policy or economics—is whispering it could undercut the Republicans and appeal to contributors. The Republicans figure the president will side with the politics and then they can outbid him.

But the GOP confidence that the tax issue always works to their advantage may be outdated. It may be more like generals who are always fighting the last war, even in the face of changing circumstances. Few voters love paying taxes, but polls suggest taxes are not a high priority for the vast majority of Americans.

Bob Dole hopes to capitalize on the character issue. Yet he's about to present a whopping tax cut that would be antithetical to much of what he has championed for years. This may gain Mr. Dole some previously skeptical converts, but he risks losing something far more valuable in this contest: his credibility.

Mr. HOLLINGS. Mr. President, I have been so frustrated in trying to get the truth out. I am not amazed that colleagues on the floor differ with my views on a tax cut, but my frustration has been with the media's coverage of this issue. When I find the truth I want to include it in the RECORD, and this is not only a very, very good analysis of the false promise of a tax cut, but also outstanding advice for our distinguished friend, Senator Dole.

I yield the floor.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senator HOLLINGS' time be charged to the majority.

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

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes of our time.

I am not sure I am going to have a chance, just before the vote, to thank people, but I want to thank Senator EXON. His last budget resolution and conference agreement is this one. Members of the Budget Committee come and go, but he has been a member since the 96th Congress, January 1979, when it was then chaired by Senator Muskie.

I want to recognize other departing members of the Budget Committee:

Senator BENNETT JOHNSTON, who has been a member of the committee since January 1975, the 95th Congress, when it was under the chairmanship of Senator Muskie—19 years on the committee; Senator SIMON of Illinois, a member of the Budget Committee since the 100th Congress, January 1987, when Senator Chiles was chairman, and a member on the House Budget Committee, also, when he served there; and, finally, Senator BROWN from Colorado, a dedicated member of the committee who has been on this committee for a short period of time, comparatively speaking, during all his tenure with us in the Senate. His tenure began in the 102d Congress, in January 1991.

I thank each of the Senators for his distinguished service and hard efforts with reference to the budget.

Senator EXON, in your absence I had extended my congratulations and appreciation to you and including other members who are leaving the Budget Committee in my congratulations.

I understand, Senator EXON, that you have 10 minutes remaining. We have essentially 20 minutes at this point. I am trying to find out if Republicans are meeting, in which event I will leave for a while, but we will try to arrange the last 20 minutes in some kind of sequence. I have not had a chance to talk to our leader, but I am hopeful since you would have 10 of that 20, we would at that point presumably have 10, that we might divide it up in some kind of equal proportions, with the majority obviously being entitled to the last 5 minutes of any such arrangement. I am unable to do that for a while, but I hope you understand that is my intention.

Mr. EXON. Will the Senator yield for a question? We certainly want to accommodate all parties as best we can. We had earlier assumed that we would have a vote at 12. Is that still the intention?

Mr. DOMENICI. Absolutely. I think that is the unanimous consent agreement.

Mr. EXON. Therefore, as I understand it, we have 10 minutes left and we are to use that 10 minutes under the unanimous consent from 11:40 to 11:50, and then you, the majority, would have the last 10 minutes, is that the understanding?

Mr. DOMENICI. I do not know if that is the consent agreement. We can ask the Presiding Officer. What does the consent agreement says in terms of the allocation of the last 20 minutes?

The PRESIDING OFFICER. Senator EXON will have from 11:40 to 11:50, under the previous unanimous consent.

Mr. DOMENICI. What we are trying to do is do you a little better than that. When I get hold of Senator LOTT, if there are four speakers who want to wrap up, I am hoping to have them speak for 5 minutes each, not the full 10 first, but 5 from you and 5 from us.

Mr. EXON. We have no objection to that whatever. I thank my colleague from New Mexico. All these years we have worked on the committee together we have had an exceptionally fine relationship. He has always been kind and understanding before he was in the leadership position, and he has been even more kind and more understanding since he has been my chairman of the Budget Committee. I thank him for his fine remarks.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum and ask the time be charged to the majority.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. 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. DOMENICI. Mr. President, I propose the following unanimous consent request. I ask unanimous-consent that at 11:40, Senator EXON be recognized for up to 5 minutes, to be followed by Senator DOMENICI from New Mexico for up to 5 minutes, to be followed by the Democratic leader for up to 5 minutes, with the majority leader recognized for the final 5 minutes prior to the vote on the adoption of the conference report.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. We have no objection.

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

Mr. DOMENICI. 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. ROBB. 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. ROBB. Mr. President, I also ask unanimous consent that I be allowed to speak as in morning business for up to 3 minutes.

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

Mr. ROBB. Mr. President, I rise today to oppose the budget resolution conference report advanced by our Republican colleagues. I do so, not because I object to implementing plans for a balanced Federal budget. My commitment to that objective remains unshakeable. I oppose this plan because it is tied to a political agenda, not a substantive one, and because it opens the door to huge tax cuts even before we make and lock in the tough principled choices necessary to actually balance the budget. The sad truth about this plan is that its proponents know it will be vetoed by the President, and budget gridlock will continue. This whole exercise is not about balancing the budget, which I have done everything I can to advance on a bipartisan basis. It's about political positioning for this fall's election. I know of no precedent under either party's control of Congress for the present course we are following.

This budget proposal has split up the reconciliation process into three different bills. The first bill will encompass both Medicaid and welfare reform. While the President has indicated his willingness to enact a welfare reform bill this year, this budget resolution calls for the attachment of a Medicaid reform plan that our Republican colleagues know the President will veto. By combining these elements into the same package, the Republican majority precludes any chance for positive action on welfare reform this year.

The second reconciliation bill is directed at reform of the Medicare Program. Given the recent report of the trustees, action is clearly needed to address the finances of the program. While the Republicans deserve credit for tackling this issue head on, the fact of the matter is that the actions they have proposed for shoring up Medicare's finances threaten the effective delivery of the very health care services to our seniors that they say they want to preserve.

Mr. President, the bottom line is that the proposed reductions in Medicare, Medicaid, and welfare wouldn't have to be as large if they weren't needed to finance a large tax cut at a time we're trying to balance the budget, and their refusal to consider an adjustment to the consumer price index in order to spread the burden of deficit reduction more equitably across the entire Federal budget may be good politics but it's not good policy.

Not only are the reductions in Medicare, Medicaid, and welfare programs unneccessarily large in this budget proposal, we are going to have to vote on discretionary spending levels in this resolution which are both unwise as a matter of policy, and unattainable politically. While the conference committee has attempted to provide a sufficient amount for fiscal year 1997, not a single appropriator, from either side of the aisle, can tell you how those outyear numbers can be achieved which means that the pressure of future Congresses to ignore the proposed restraints will be overpowering—and most of the savings a sham.

Mr. President, the events of the past year have confirmed that the only way to solve our major fiscal problems, both short term and long term, is on a bipartisan basis. The difficulty is that enacting a credible, fair, and bipartisan budget proposal will require tough medicine for both sides. Republicans will have to come down on their demands for tax cuts, and Democrats will have to be more willing to confront entitlment reform, including Social Security.

Mr. President, I have been fortunate this past year to work with a group of bipartisan Senators, dubbed the centrist coalition, to produce a credible balanced budget proposal—a proposal with a realistic discretionary spending

pattern, one with significant entitlement reform which continues to protect our most vulnerable citizens, and one which makes a justified modifcation of the consumer price index. This plan, offered as a substitute during the consideration of the current budget resolution, was the only proposal to receive significant bipartisan support this year, garnering 24 Democratic votes and 22 Republican votes.

While I cetainly understand the inability to move this proposal this year given election year politics, I am hopeful that it will provide the seeds for an effective compromise early in the next Congress since the budget resolution before us does not move us any closer toward long-term balanced budgets than we are today.

Mr. President, I am very frustrated by the process that we are engaged in at the moment. We have an opportunity, if we can work on a bipartisan basis, to advance the cause of a balanced budget and fiscal responsibility, and we are missing that opportunity.

I, for one, am prepared to make substantial reductions in spending in the entitlement areas—in Medicaid, in Medicare and in Social Security. I am also prepared to address the very politically sensitive area of adjustments to the Consumer Price Index to more accurately reflect inflation. But at this point, we are not going to do that.

The current resolution is designed to split the reconciliation process into three different pieces. The most objectionable part, from my point of view, is we put tax cuts right up at the front so that we undermine any public confidence that we are really serious about deficit reduction.

We are making bigger reductions in the projected spending in some of the entitlements than we need to because we are planning to put that money into a tax cut before we have actually locked in the tough, principled choices that are going to be necessary if we are going to achieve the stated objective of a balanced budget.

This resolution also substantially reduces the chance of ever getting any meaningful welfare reform in this Congress by linking Welfare reform with a Medicaid reform package that the President is committed to vetoing.

It seems to me that we ought to be able to get together; indeed, 24 Democrats and 22 Republicans found common cause with respect to a budget resolution that was submitted earlier. If we are serious about solving this particular problem, the Resolution before us is not the way to do it.

So, Mr. President, I regret very much that I am going to have to vote against the pending measure, notwithstanding my long-term commitment to deficit reduction and a balanced budget.

For the opportunity to express my views, I thank the Presiding Officer and I thank the ranking member of the Budget Committee for suggesting this approach for getting my views on the record.

With that, Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The time is controlled by the Senator from Nebraska, and under the previous unanimous consent agreement, he is to be recognized now for 5 minutes.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I ask unanimous consent that I may be allowed to speak as in morning business for 6 minutes.

I make a unanimous-consent request I be allowed to speak as in morning business for 4 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mrs. BOXER. Thank you very much, Mr. President. I spoke yesterday on the budget, and I will not reiterate that. I wanted to make a very brief statement about two issues.

BURNING OF CHURCHES

Mrs. BOXER. Mr. President, we have seen in recent weeks a series of attacks on black churches in the south. At least 33 churches have been set ablaze in a campaign of terror.

Mr. President, every one of us has to make his or her voice heard in opposition to this wave of terror. These churches have been sources of stability, of kindness, of moral and spiritual guidance for their congregations.

These fires are a chilling reminder of a period that we all thought had passed. A period marked by some of the most shameful, hateful acts ever perpetrated by Americans against Americans. A period in which bombings, fires, beatings, and shootings were tools to prevent African-Americans from realizing equal status in our society. A ''dark era in our Nation's history,'' the President recently called it.

I want to praise President Clinton for his leadership in mobilizing Federal investigators while at the same time offering solace to the people whose churches have been burned. It is the business of the president to offer moral leadership, to console the victims of racists attacks, to call the cowards out for what they have done.

I also praise Ross Perot for his leadership in calling on his Reform Party members to guard the churches.

I also wish to praise Senator MOSELEY-BRAUN for offering a resolution, of which I am a cosponsor, condemning the church fires and urging the administration to mobilize all appropriate resources to put the people who set these fires behind bars.

Finally, Mr. President, I want to state that this is a problem not just for African-Americans, but for all Americans. We should speak with one voice and pass the Moseley-Braun resolution unanimously, so that our message is clear.

Mrs. BOXER. I thank the Chair.

(The remarks of Mrs. BOXER pertaining to the introduction of S. Res. 262 are located in today's RECORD under ''Submissions of Concurrent and Senate Resolutions.'')

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1997—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, as I understand the situation now, under the previous unanimous-consent request, we have 10 minutes equally divided on each side remaining before the vote. We have about 16 minutes, 17 minutes before noon, according to my clock. I ask unanimous consent that the scheduled vote at noon be extended to 3 minutes past noon so that the previous unanimous consent request can be abided with regard to time allotted by each side.

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

Mr. EXON. Mr. President, I ask unanimous consent that a table showing how the deficit in this budget increases because of its tax breaks be printed in the RECORD.

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

REPUBLICAN DEFICITS WITH AND WITHOUT THE TAX CUT

[In billions of dollars]

	1996	1997	1998	1999	2001	2002	1996
CBO Baseline Deficits (April) [1]	130	165	175	182	192	194	210
Republican deficits with tax cut	130	153	147	117	89	42	5
Republican deficits w/o tax cut	130	135	129	97	63	11	−39
Addendum:							
Republican tax cut	0	18	16	18	23	26	28
Interest on tax cut	0	1	1	2	3	5	6
Total	0	19	17	20	26	31	34

[1] The 1996 deficit estimate is a preliminary revision from CBO based on current Treasury data. The 1996 estimate included in their official April forecast was $144 billion.

Mr. EXON. Mr. President, as we wrap up the debate on the budget conference report, I would like to make a few final observations, if I might.

If last year was the Republicans' winter of discontent, this is their spring of missed opportunities. I know the Republicans wanted to hit one out of the ballpark with this budget, but what they did reminds me more of the Red Sox's Bill Buckner in the infamous 6th game of the 1986 World Series. That is when he let Mookie Wilson's grounder roll through his legs. The Mets rallied and eventually won the series. That was a missed opportunity on a grand scale; so is this budget.

There was a chance—granted a small one—to craft a compromise on a balanced budget this year. To his credit, the President has repeatedly offered to come back to the bargaining table. As he has pointed out, at the very least, we could have agreed on the common

savings in both the Republican and the Democratic plans. But the Republicans rebuffed the President, and now we are saddled with this GOP budget retread.

It still has too many reductions in Medicare—reductions that are not necessary to maintain the solvency of the trust fund. As much as the Republicans bridle at the suggestion, the size of the tax breaks always has and still does determine the size of the Medicare reductions. The Medicaid provisions still jeopardize the guarantees to health for our most vulnerable citizens. The cuts to education and the environment are still too severe, and they got worse in this conference report.

So much time has passed since we first saw this Republican budget 18 months ago, and so little has really changed. We can see from this same tired budget that the majority's cupboard is bare; they are bereft of new ideas. This conference report is just a sorry addendum to last year's budget fiasco. I think we all know it, and I urge my colleagues to vote against it.

In closing, Mr. President, let me thank all of the members of the Budget Committee on both sides, of which the distinguished presider of the Chair is one. On my side of the aisle, I have had nothing but cooperation from all the Democrats on the Budget Committee, and I particularly thank all of them for all of their efforts.

I want to take just a moment, if I can, to thank Bill Dauster, who heads up our great staff on this side of the committee. We worked well with the other side and staff as well.

I simply say, while we do not agree on this budget, there has been a lot of good-faith effort and good intentions to try to work this out the best we could. I am sorry that we do not have a better product.

I reserve any balance of my time that I have.

May I inquire of the Chair, do I have any time left of my 5 minutes?

The PRESIDING OFFICER. The Senator has 1 minute, 30 seconds.

Mr. EXON. How much?

The PRESIDING OFFICER. One and a half minutes.

Mr. EXON. Mr. President, I ask unanimous consent, although we have had very great difficulty this morning in coming to an agreement in breaking it, that those who are scheduled to make speeches at this time, to call to their attention time is running out. I will suggest at this time the absence of a quorum, and that the first 3 minutes of the quorum would be charged equally to the time remaining on both sides. I withdraw my request. The chairman of the committee has arrived on the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I am sorry I was late. I apologize to the Senate. How much time does the Senator from New Mexico have?

The PRESIDING OFFICER. Four minutes, 50 seconds.

Mr. DOMENICI. Thank you very much.

Mr. President, as I have said frequently, if I were a king I would not write this budget. But we do not have any kings in the United States. We have a U.S. Congress. That means we have Senators from very different States. That is the way our Founding Fathers decided to run this Republic. And there are very differing views, even among Republicans and certainly among Democrats and Democrats and Republicans.

I believe, however, that other than having some kind of mandate from on high on how to do it, I believe this is as good as we can do this year. And to tell you the truth, I have been at budgeting for a long time. For those who would call this a budget that perhaps does not reduce spending enough, or counts on too many things happening next year and the year after that, let me suggest, it would be beyond the comprehension of the Senate 10 years ago to think they could vote up or down and pass a budget resolution with this much savings in it.

We have never come to grips with the real problems. And this budget resolution at least says, ''We know the problems. We know we can't continue this deficit spending. And let's try it this way.''

As I said, it is not perfect, but it takes the main problems with deficit spending, the big ones that everybody knows about, and it begins to say, ''Let's try to spend less. Let's try to send some of them closer to home where more efficiencies can be adopted.''

It says to Medicaid, which is burgeoning beyond what the States will be able to pay, ''Let's ratchet it down. Let it increase, but not as much as it would. Let the States make some decisions to see if they can't save significant amounts of money and still cover our poor people with health care.''

On welfare reform it is not only saying we are spending too much, it is saying the program is broken. Let us do a new one, give the States more authority, and build it around the premise of 5 years instead of a lifetime on welfare; and those who are on welfare have to get educated and work at preparing to get a job, and then get jobs. That is doing what the American people want.

Ten years ago if that were all the reform we had in the budget we would have been heralding it as something great for America. In addition, we try to make Medicare solvent for 10 years without hurting senior citizens.

Our budget also recognizes that in addition to a deficit up here, there is a deficit in the checkbook of working Americans. Especially those with children. Their taxes are too high and their credits for having to raise children are too low. So we say, let us fix one other deficit. Let us fix the deficit in the checkbooks of working men and women who have children under 18. Let us give them a $500 tax break for each child that they are raising. This is a deficit that is going to destroy family life unless we work at trying to solve it.

We have left only 122 billion dollars' worth of tax relief in this budget. Most of it will go to that cause. I think when you add it all up—and one salient point, that for all of the discretionary spending, we are at a freeze. We have asked the Congressional Budget Office, how much should we spend in 1997 if we want to spend at a freeze level? They gave us the dollar numbers, and that is what we settled with the U.S. House in conference.

So hopefully we will get appropriations done and we can tell Americans we have frozen it. We have not increased it, and we have not cut it. That is a pretty good approach to a year when you really say you are trying to balance the budget. When you add that all up, it seems to me this budget resolution not only deserves a majority vote, but I am very hopeful that the President will sign much of the legislation that comes from it because I think we have the right message. We are delivering in a way that is good for Americans, be they young or old or those who are out there working to make sure their children and their seniors are taken care of. It is a good budget. I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. DASCHLE. Mr. President, let me begin by complimenting the distinguished ranking member of the Budget Committee, Senator EXON. This will be the last budget he works on in his capacity as ranking member of the Senate Budget Committee. I must say no one has put more effort, more work, and more real leadership into this whole process than has he over the last many years. He is an extraordinary member of the caucus. It has been my good fortune to work with him very closely and, fortunately, with great effectiveness as a result of his participation. I thank him, not only for his work in this Congress, but for all the years that he has worked so diligently as a very key member of the Budget Committee.

Let me also commend his excellent staff, led by Staff Director Bill Dauster, for the outstanding work they have done in presenting our case on this budget and throughout the many difficult budget battles in this Congress. They do exemplary staff work, and they have served this Senator, and indeed our entire caucus and the American people, with distinction and intelligence.

Let me also thank the distinguished chairman of the Budget Committee. He works diligently and with passion and conviction. I oftentimes remark about the real contribution he makes. I may find myself in disagreement with him on many occasions, but not with him personally. He carries out his duties admirably. I commend him for his work.

In this case, Mr. President, in spite of his leadership, the fact is that he proposes to move this process in the wrong direction. He and his colleagues have produced a budget that is designed to appear more moderate, but it contains the same failed policies that the President was forced to veto last winter.

In fact, this budget, in spite of all of the good work and rhetoric of the distinguished chairman, contains the same extreme proposals relating to Medicare, Medicaid, education, the environment, and the other issues we debated so vociferously last winter. It is just as extreme if you follow it out to take into account the 7-year budget timeframe that we had to work with last year. The numbers are hardly different. So no one should be misled. This is almost identical to what we were presented last year. Because of the extreme and harmful policies it contains, the President had to veto it last year.

The President has offered a plan that balances the budget without resorting to such extremism. The deficit as a result of his efforts and our efforts over the last 4 years has been cut by more than half. The deficit was $290 billion in 1992. The deficit this year is $130 billion. For 4 years in a row, the first time since the 1940's, we have cut the deficit dramatically. This resulted from real leadership, and because we did what we said we were going to do.

This deficit will actually go back up under the Republican budget plan for the next 2 years. So instead of this hyperbole and instead of all of the partisan rhetoric, we ought to be negotiating downtown with the White House, sitting down with the President and the bipartisan congressional leadership, and finding an agreement that will balance the budget by 2002.

Instead, as is often the case in this Congress, Democrats have been locked out: locked out of the budget negotiations, locked out of the budget process almost entirely, and locked out of any real effort to try to resolve these matters in a bipartisan way.

There are many problems with this budget. But I want to cite very briefly just six.

First of all, this budget reveals again what is really at the heart of the Republican priority list: more tax breaks for those who do not need them. The conference agreement drops any pretense of balancing the budget before it provides for the opportunity to propose tax cuts. At least in the Senate bill the tax cuts were contingent on the passage of two other bills which actually cut the deficit and achieved balance.

The reconciliation prescription in this budget conference report does not even do that. The conference agreement drops all contingencies. It proposes that major tax reduction proposals for those at the very highest income levels be dealt with in the very first reconciliation package that comes before the Senate.

The first bill could be a $122 billion net tax cut in addition to the deep cuts in Medicaid and welfare. The actual tax breaks, Mr. President, will actually add up to $180 billion in that bill, according to the Chairman of the Budget Committee in the other body.

This arrangement will force a veto. It is designed to include devastating Medicaid cuts that will act as a poison pill. There is no doubt in my view that the tax cuts that we are going to be confronted with are the same kind that created the deficit. Just after we have been able to deal so effectively with the deficit over the last 4 years is no time to turn back the clock and propose budget-busting tax breaks before any serious effort to cut the deficit.

So that is problem No. 1: approving tax cuts before we actually make room for them; tax cuts in many cases that are not necessary; tax cuts that are going to drive up the deficit all over again in the not-too-distant future.

The second problem is the excessive Medicare cuts that we all know are incorporated in this plan. The tax cuts, in large measure, to the extent they are paid for at all, are paid for out of Medicare cuts, $168 billion in Medicare cuts. We know these deep cuts will lower quality of health care provided to millions of seniors and individuals with disabilities. We know they threaten the solvency of many rural hospitals, who may be forced close their doors. We know they will undercut the ability of many beneficiaries to gain access to care, and we know they will create real problems for many who obtain their health only through the Medicare system today.

Mr. President, these issues will go away. They must be addressed in a comprehensive way. We know we have to deal with solvency. The President's budget proposal maintains the solvency of Medicare for the next 10 years. Yet, the pending budget resolution contains $50 billion more in Medicare reductions than the President's plan. The only purpose of such unnecessary reductions in Medicare is to finance the excessive tax breaks proposed in this resolution. We simply cannot accept a willingness on the part of some to use deep Medicare cuts to pay for the tax cuts in this budget plan.

The third problem is that this bill virtually destroys Medicaid—it proposes $72 billion in Medicaid cuts. We are also concerned about the way in which these cuts are provided. It proposes to turn the Medicaid Program into block grants. This approach does not reflect the bipartisan plan proposed by the National Governors Association. It has been opposed by Democratic Governors. Block grants would create a tremendous inconsistency in the availability of benefits under Medicaid, regardless of what other assurances were being given by the Republican majority. These cuts are not just $72 billion as they relate directly to the budget. Because of the ability for States to dramatically reduce the availability of funding, the cuts could actually reach $250 billion if the States maximize their ability to reduce the commitment to health care.

This will undercut the availability, and in some cases completely eliminate the availability for millions of children, and for persons with disabilities. It threatens seniors in nursing homes and the financial well-being of their spouses. All this devastation and sacrifice is being asked for in order to provide for tax breaks in many cases for those who do not need them at all. The fourth problem is this budget proposal dramatically shortchanges education. It reduces education and training by a full 20 percent in real dollars, or $25 billion by the year 2002. When we vote on this resolution, keep in mind that it incorporates the largest education cuts in history. Over the same time period, in spite of the fact this represents the most dramatic reduction in the availability of funding for education in our history, school enrollments are going to rise to historic highs. Every school is going to be faced with the prospect of increasing enrollment, and greater demands for real budgets, at the same time the Federal Government is reducing its commitment to the very schools it claims to support. The President's budget, on the other hand, invests $57 billion more than what this budget resolution provides.

The fifth problem, Mr. President, is this resolution dramatically harms the environment. It cuts $3.8 billion from environmental protection and natural resources. That is 17 percent below the President's commitment to the environment into the year 2002. We cannot all talk about how much of an advocate we are to the environment if we are not willing to commit the resources to ensure that environmental protection can become a reality. Mr. President, we have to address environmental funding in a way that ensures the ability to implement comprehensive environmental protection.

Finally, the sixth problem, is that it raises taxes on working families. It proposes an $18.5 billion in increase in taxes on working families through the cutting back on the earned-income tax credit. It raises taxes on 7 million working families in the next 7 years. As the President's budget makes clear, we can balance the budget without raising taxes on working people.

Mr. President, we can do a lot better than this. This is an extreme budget. This budget takes money from health, education, the environment, and working families. Those priorities, we have said from the beginning, are our priorities. This budget attacks those priorities in ways that we do not believe are wise for this country or for the people affected. Obviously, this budget continues the great debate about where we ought to be taking this country. Do we really want to make the dramatic and draconian cuts in health and in education, in Medicare and in Medicaid, in the EITC, to provide for the tax breaks for many people who simply do not

need them today? I do not think the American people want that. I know members of our caucus do not want it, either.

This budget resolution represents an abandonment of any pretense of balancing the budget before cutting taxes. As a result of this fiscal irresponsibility and the cruelty of its priorities, this budget is dead. The reconciliation process that will be carried out as a result of this budget resolution is going nowhere.

The only way that we can resolve this matter is to do what we talked about doing yesterday, to work together, to resolve our differences, and in a bipartisan way to come up with an agreement on a plan that details ways with which to balance the budget. We should build on the record of the last 4 years, and guarantee the kind of economic growth and the protection of priorities that we all know are so critical to the long-term best interests of this Nation.

I urge all of our colleagues to look at this resolution very carefully and to join us in opposition when we have that opportunity a few moments from now. I yield the floor.

Mr. EXON. Mr. President, I have 1 minute remaining. I will stay within that 1 minute. I thank my Democratic leader, my good friend from the neighboring State of South Dakota for his kind remarks. I thank the chairman of my committee for all that he has done over the years.

This is my last part in managing a budget resolution. I simply say in leaving, while I am not satisfied with what we have done and while I will be involved, I am sure, in the months to come this year in trying to bring some resolution to the remaining differences, I want to say it has been a thrill and an honor to work with so many outstanding people on both sides of the aisle. I only wish my friends on the Republican side could have been a little bit more understanding. But I simply say we have, in the last 3 years, cut the deficit from about $300 billion to about $140 billion. We are on the road to the right course. We should not give up.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I know the hour of the vote has arrived. I believe we have 5 minutes' time remaining. I will use leader time if that is necessary.

Mr. President, I am proud to be here today to endorse this budget resolution conference report. It is obviously the thing we need to do. It is the first critical step in the process this year. After we pass this budget resolution conference report, we can then quickly move to the reconciliation bills that, in fact, enforce the things that we say we are going to do in this bill, and we can begin passing the appropriations bills because the Appropriations Committees will then have the numbers they need to mark to, and we can move this process forward as we need to in a cooperative way. But first, we must pass this conference report.

I begin by again recognizing the outstanding work of the distinguished chairman, the chairman of the Budget Committee. I daresay there is no Senator that knows more about the budget rules and the budget itself than Senator PETE DOMENICI of New Mexico. He does outstanding work, here in this body, on that committee, and working with Members across the aisle and with the other body. I congratulate him for the fine job he has done, once again, this year.

I also want to extend my congratulations and best wishes to our good friend, the Senator from Nebraska, Senator EXON. He certainly epitomizes the old saying, ''you can disagree without being disagreeable,'' and particularly this year we have found that while he made his points and offered some amendments he has worked with us to move the process along. I know the Senator from New Mexico has already pointed that out. We appreciate the very fine work of Senator EXON.

Also, I might note today, Mr. President, that this the last budget resolution other Senators who are members of the Budget Committee will work on, too. Senator BENNETT JOHNSTON of Louisiana has been an excellent member of the Budget Committee since the 95th Congress, January 1977, I believe under the chairmanship of Senator Muskie. Mr. President, 19 years on the committee is almost a sentence, but he has done excellent work as a member of the Budget Committee. He also has been a pleasure to work with and has been helpful on many occasions.

The distinguished Senator from Illinois with the bow tie, Senator SIMON, has always worked as a really good member of the Budget Committee, and the distinguished Senator from Colorado, Senator BROWN, has worked on budgets many times in the past and has been a great member of the Budget Committee. I commend them all for their fine work and what they have done.

It has not been easy to reach this budget conference report, to get to this point. We have had disagreements along the way. In the Budget Committee and on the floor of the Senate efforts were made to amend it, substitute alternatives were offered, and the Senate passed an amendment that added some additional funds for nondefense discretionary spending. When the conference work was going on, that was not received with a great deal of pleasure in some circles, but we worked it out and we came up with a reasonable agreement that will allow us to do what we need to do for our country and continue to move us toward our ultimate important goal of a balanced budget by the year 2002.

We do have a budget resolution conference report here before the Senate that continues to represent dramatic changes in the way we govern. If you want to continue to build a monument to status quo, the way things have been done around here for years, that basically always seems to lead to more spending, then you do not want to be for this budget resolution. This budget resolution continues the good work that was started last year, that moves us in a different direction, that moves toward giving some relief to the American people that work and pay taxes, and moves toward some real reform in the entitlement areas, where we need it so badly.

It does continue to restrain spending. It does allow enough funds for a strong national defense, but it will continue a pattern overall, in that period of years, of less spending for defense. We have worked on that very carefully, and I think this conference report does an adequate job there.

This conference report reflects our beliefs in a balanced budget and lower taxes for families with children. When I hear these accusations about tax relief for those that do not need it, I wonder first of all, whose taxes are they, anyway? Whose money is it? It is the people's money. We are talking about allowing families with children to have just a little help in raising their children with their own money, a $500 tax credit—which, by the way, is limited to people under a certain income level.

So I do not apologize at all for wanting to help families with children, for wanting to help children with some tax relief instead of it coming to Washington and letting Washington decide, ''Oh, yes, we will send it back the way that we determine is best for your children.'' We say, ''How about letting the families make that determination?''

With regard to the Medicare issue, we have seen recently that the decline in the Medicare Trust Fund is greater than we had anticipated, greater than even a year ago. We can stand here and ignore this problem. But what we are threatening is our parents', our grandparents', and our children's future, and their ability to depend on this program.

The bipartisan substitute that was offered, as a matter of fact, had proposed Medicare reforms that would lead to a savings over the 6-year period of $154 billion. In this conference report, the proposed savings are $158 billion. As you can see, the numbers on Medicare are very close. Over a 7-year period, I think the difference between the administration's proposal and ours is around 2 percent. Yet, we are still all talking about an increase every year—every year for this important program.

So I think that we are doing the right thing here. It provides for reduced Government spending and less Government intervention. It lays out a blueprint for what we need to do, but it continues the path we started with last year. By the year 2002, we will have the first balanced budget since 1969.

With regard to what the President has proposed, Mr. President, I would like to submit for the RECORD a chart

which shows budget deficits, and I ask unanimous consent that it be printed in the RECORD.

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

BUDGET DEFICITS

[In billions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Current law baseline	146	156	160	147	136	111	105
Conference agreement	146	153	147	117	89	42	−5
President's Budget: [a]							
With trigger	146	155	152	123	105	54	−3
Without trigger	146	156	153	125	108	87	81
Chaffee-Breaux Moderate	146	147	154	134	114	77	49
Balanced Budget Act [b]	151	159	127	97	73	34	−3

[a] CBO reestimate.
[b] CBO reestimate from December baseline.

Prepared by SBC Majority Staff, June 13, 1996.

Mr. LOTT. Mr. President, this chart shows that every year—every year—the President's proposals would have the deficits that our package has over these 6 years. As a matter of fact, there has been this reference to the spike we have in the next fiscal year. Yes, there is a spike in our budget in the next fiscal year, but there is also one in the President's budget, and it is $2 billion higher than our proposal.

So if you want to compare the proposals, I invite you to do so. This chart will be in the RECORD.

I am proud to support this package. It is fair. It is what we need to do.

I urge my colleagues today to stand up, do the right thing, and vote for this budget resolution. Let us move the process forward. Let us do what is right for our children and for our country.

I yield the floor, Mr. President.

Mr. President, I understand the yeas and nays have not been requested. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Arkansas [Mr. BUMPERS] is necessarily absent.

I further announce that, if present and voting, the Senator from Arkansas [Mr. BUMPERS] would vote ''no.''

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

The result was announced—yeas 53, nays 46, as follows:

[Rollcall Vote No. 159 Leg.]

YEAS—53

Abraham	Coverdell	Grassley
Ashcroft	Craig	Gregg
Bennett	D'Amato	Hatch
Bond	DeWine	Hatfield
Brown	Domenici	Helms
Burns	Faircloth	Hutchison
Campbell	Frahm	Inhofe
Chafee	Frist	Jeffords
Coats	Gorton	Kassebaum
Cochran	Gramm	Kempthorne
Cohen	Grams	Kyl
Lott	Pressler	Specter
Lugar	Roth	Stevens
Mack	Santorum	Thomas
McCain	Shelby	Thompson
McConnell	Simpson	Thurmond
Murkowski	Smith	Warner
Nickles	Snowe	

NAYS—46

Akaka	Ford	Mikulski
Baucus	Glenn	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Harkin	Murray
Boxer	Heflin	Nunn
Bradley	Hollings	Pell
Breaux	Inouye	Pryor
Bryan	Johnston	Reid
Byrd	Kennedy	Robb
Conrad	Kerrey	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Wellstone
Exon	Leahy	Wyden
Feingold	Levin	
Feinstein	Lieberman	

NOT VOTING—1

Bumpers

The conference report was agreed to.

Mr. LOTT. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I am disappointed and disillusioned by this conference report on the budget resolution for the 1997 fiscal year.

I am disappointed that the conference report lowered next year's discretionary spending by $1.3 billion from the Senate-passed budget resolution. I applaud Senate Budget Committee Chairman PETE DOMENICI and ranking member JAMES EXON for their strong support of adequate funding for programs that invest in our country. Unfortunately, the House of Representatives refused to accept the Senate's more responsible discretionary spending levels.

Moreover, I am disillusioned that the House budget conferees have resorted to a new budget gimmick. Instead of showing leadership to produce a more moderate budget resolution, they have added a new smoke and mirror—the Government shutdown prevention allowance. This section of the conference report will free up $1.3 billion more in spending only if Congress decides to pass a continuing resolution to fund the Government. This is a billion-dollar incentive for Members to pass a continuing resolution.

After two unnecessary and expensive Government shutdowns and more than a dozen continuing resolutions last year, I have had enough of this piecemeal approach to budgeting. Budgeting by continuing resolutions is a true failure in leadership. Instead of passing the buck by passing continuing resolutions, we should make the tough budget decisions and then vote on them in appropriations bills. Unlike short-term continuing resolutions, year-long appropriations bills allow Federal, State, and local agencies to plan their budgets and make Government more effective.

This conference report also makes harmful short-term cuts in important programs that will have devastating consequences over the long-term. It cuts Medicare and Medicaid more than is necessary to achieve a balanced budget. These cuts would reduce Medicare spending growth per-beneficiary far below projected private sector growth rates. I am disappointed that the majority persists in cutting a program that is vital to 83,000 Vermonters, 12 percent of whom live below the poverty level.

And it cuts environment funding while increasing defense spending by $11 billion for 1997—which is unacceptable in today's post-cold-war world. The people of the United States never voted to gut environmental spending in the last election. They overwhelmingly want to make sure Government provides basic safeguards for a clean environment. This is a job that Government can do and needs to do.

Mr. President, this budget resolution is better than last year's extreme budget, but it still cuts programs for elderly, young and low-income Vermonters more than is necessary to balance the budget. And it hurts the environment while resorting to budget gimmicks.

We can do better than this disappointing and disillusioning budget.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, we hope to have some announcement about proceeding for the remainder of the day and week momentarily. We are working on that right now. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

EXECUTIVE SESSION

FEDERAL RESERVE SYSTEM NOMINATION OF ALAN GREENSPAN TO BE CHAIRMAN OF THE FEDERAL RESERVE SYSTEM

Mr. LOTT. Mr. President, as in executive session, I ask unanimous consent that the Senate now proceed to executive session to consider the nomination of Alan Greenspan, to be the Chairman of the Federal Reserve System, and it be considered under the following time agreement: The time beginning at 2 p.m., today, for the remainder of today's session, and all debate time during Friday's session be equally divided between Senators D'AMATO and HARKIN or their designees; at 9:30 a.m., on Thursday, June 20, there be 3 hours remaining on the nomination, to be equally divided between Senators D'AMATO and HARKIN; and that the vote occur on confirmation of Alan Greenspan at 2 p.m., on Thursday, June 20, 1996.

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

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I further ask unanimous consent that immediately following the confirmation of Alan Greenspan, the Senate proceed to the vote on the nomination of Laurence Meyer to be a member of the Federal Reserve System, to be followed immediately by a vote on the confirmation of Alice Rivlin to be a member and Vice Chairman of the Federal Reserve System.

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

Mr. LOTT. Finally, Mr. President, I ask unanimous consent that following the confirmation vote of Alice Rivlin, the President be immediately notified that the Senate has given its consent to these nominations and the Senate then resume legislative session.

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

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for morning business, with Senators allowed to speak for up to 5 minutes each; and, further, that Senator THOMAS be in control of the first 30 minutes, and Senator DASCHLE or his designee be in control of up to 30 minutes.

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

ORDER OF PROCEDURE

Mr. LOTT. Mr. President, to update all Senators, following morning business, the Senate will then move to the consideration of the Federal Reserve nominations that are on the Executive Calendar. The agreement reached, therefore, will provide that no further votes will be called for today or during tomorrow's session of the Senate. We have discussed this with the Democratic leader and worked it out very carefully.

This matter has been delayed far too long already, and we need to take up these very serious nominations. So we now have reached a process that allows us to do that. I assume there will be 3 hours or so of debate today, and then debate again on Friday on these nominations, and then, of course, the vote for them would occur on Thursday, at 2 p.m., of next week. That is at the request of the Democratic leader.

We will be looking at what issues will be taken up on Monday and/or Tuesday, and we will notify the Members once an agreement has been reached on that. I yield the floor, Mr. President.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

''ME, TOO'' POLITICS

Mr. THOMAS. Mr. President, we appreciate the opportunity to take some time this afternoon. This is a continuation of our effort among the freshmen to have a freshman focus and to bring what is often a unique perception of Senate Members, those of us who just came less than 2 years ago, on the topics of today. So we appreciate that. Some of my colleagues will join in.

Mr. President, we want to talk a little today about me, too politics. I think it is a timely topic. It is one that has been very prominent here in this body over the last several months or even, in fact, year.

It sounds kind of good—me, too. It sound like that ought to give us an opportunity to agree. We will order something and there will be a resounding, me, too.

Unfortunately, that is not the way it works. Unfortunately, me, too politics means when there is an idea that comes up, I say, me, too, and then find lots of reasons why you cannot do it, so that there is a very difficult problem in determining—walking one way and talking another, saying, ''I'm for it,'' but making sure that it never happens. That is what we increasingly are seeing with this administration, President Clinton, and with the minority here in the Senate.

There are, of course, real choices to be made. There is nothing wrong with choices. That is what politics is about. It gives you and me, as voters, a chance to choose because various candidates are for various things. That is how the system works. When those choices are made indistinguishable, then it is very difficult. It is very difficult to have politicians who say one thing and do another, and continuously do that.

So there are basic decisions that have to be made. Are we going to have more Government, more Federal Government or less? Are we going to move in the direction of having more taxes, or are we going to move in the direction of having American families spend more of their money themselves? Those are basic decisions. Are we going to spend more? Are we going to borrow to spend more so that the credit card can go to our kids, or are we going to reduce spending?

These are tough decisions, but they are fairly clear decisions. What is happening is they are being blurred by this me, too politics. The technique, of course, is that whatever is suggested as fundamental change, then the others say, ''Well, I'm for that as well,'' and then go about making sure it never happens.

The technique, of course, is to speak for it, and then decide, ''Well, but it goes a little too far,'' or, ''There are some details here that we can't do. I want a balanced budget, but this isn't the right way.'' So it is a way of saying, ''I'm for it,'' but making sure you never have to vote for it.

Mr. President, I think that is troublesome. I think that is troublesome in terms of the system. It is troublesome certainly in terms of elections where, at least in my view, the purpose of elections is to give some direction to our Government.

We have to generally do it in fairly broad areas. Certainly no one talks about 800 different votes that you take in a year, but they do talk about your philosophy. Are you for less Government or for more? More spending or less? A balanced budget or not? Term limits or not?

Unfortunately, the President has become a me, too President. There are countless examples of echoing the fundamental changes that have been brought about by the Republican Party, or by Bob Dole, almost like a shadow. Every time the Republicans come out with a plan to make fundamental change, to bring about the reforms that people have asked for, why, we see the President standing up and saying he agrees; but when the chips are down, he goes the other way. It is no longer ''Me, too.'' It is more like the old Frank Sinatra song, the old tune of ''My way.'' ''Do it my way.''

So it is easy to say, ''Well, I'm for that, but, you know, it's not the right way to do it,'' or, ''I'm for that, but it goes too far,'' or, ''I'm for that, but there are the details.'' So it confuses where we really are.

Balancing the budget and cutting taxes and reforming welfare, ending the days of big Government, why, the President continues to sound in tune with fundamental change, but when the reform comes around, then his position shifts and it does not happen. That has happened so many times this year.

For example, he vetoed the balanced budget after saying he was for a balanced budget. After running on a balanced budget, after saying, we can do it in 5 years, in 8 years, in 10 years, in 7 years, he vetoes a balanced budget.

He vetoed welfare reform after pledging to change welfare as we know it. He vetoed legislation that would have kept Medicare solvent for the next generation after promising to save the program. These are the issues that we are seeing too much of ''Me, too'' instead of reform.

We need to really bear down on the idea of people saying one thing and doing another. I am pretty proud of this body and of the majority in this body who came here a year and a half ago and said we believe that voters want some fundamental change in terms of the direction of this country, a balanced budget being one of them.

Of course, the idea of moving welfare and many of the programs closer to people by moving them to the States, these are fundamental changes that people talk about. We have done many of those things, but unfortunately, the ''Me, too'' politics has kept them from being completed. We have sent the first balanced budget in 25 years to the White House—the first time. Vetoed.

So we need to really take a look at what we are for. If people disagree, if people want more government—and

there are those who do, a legitimate point of view. I do not happen to share it. But you can argue that, ''Yes, there are more things Government can do. Yes, we ought to take more money from folks because we can spend it better in the Government.'' That is a legitimate point of view; not one I share. But we at least ought to decide where we are on those things so that what we say and what we do are the same.

Welfare reform is one that comes, of course, to mind. We provided the President an opportunity to reform the Nation's welfare system, not just once, but twice. On both occasions the President said no; first, as part of the Balanced Budget Act in November and then a bill that stood on its own in January.

Just last month the President issued an Executive order requiring States to end welfare payments to teenaged parents who quit school or refuse to live with a responsible adult, language in part that was part of the proposal. Now the ''Me, too'' politics will say, ''Yeah, I'm for that. I agree with that. Look what I've done,'' which is about one-hundredth of the total package. We see more and more of that.

Another flip-flop occurred on, of course, announcing support for Wisconsin's historic welfare reform plan to put able-bodied recipients to work, something the Republican welfare program that was vetoed would have accomplished. Now the administration is backing off of that, flip-flopping again, saying there are some details in the Wisconsin plan that need to be negotiated.

Let me tell you, the people in Wisconsin have a better idea of what needs to be done to deliver services in their State than bureaucrats here do.

I come from a State that is small. We need a different system than you need in a large State. The States are the only place to do that. So you cannot talk one way and walk another. Balancing the budget clearly has been the most significant issue over the last year and a half, not simply because of the numbers, not simply because of the arithmetic, but because the budget reflects the kind of approach we take to govern, whether we are fiscally responsible, whether we say, ''Yes, we will spend more than we take in,'' whether we say it is morally correct if you want services, those people who receive them ought to pay for them, rather than putting it on the credit card for the kids. Those are basic issues.

We cannot balance the budget unless we are willing to adjust and make fundamental changes in Government. Budgets are vital to where we are going. The first 2½ years the administration never submitted a balanced budget to the Congress despite all of the talk, and opposed a balanced budget amendment to the Constitution, arguing we do not need to do this. ''Just balance the budget,'' the same argument that has been going on 25 years right here in this place, and we have not balanced it. Of course we need the discipline of a constitutional amendment.

Finally, under the pressure to produce a balanced budget, but not basically making the changes that have to be made to do it. You have to deal with entitlements. Two-thirds of the expenditures are in entitlements. If you do not deal with entitlements, several things happen. One is that you never balance the budget. The other is that programs we want to strengthen and save, like Medicare, cannot exist unless you make some fundamental changes in them.

Tax cuts, promises to cut taxes—instead, what do we get? The largest tax increase in the history of this country. Last year, we came forward with plans to reduce taxes—vetoed, of course.

Mr. President, I have great confidence in the American people. I have great confidence in voters that they will make decisions based on fundamental direction. I certainly hope so. That is our job as voters, to decide where we want to go and then, of course, have to decide who the candidates are that are going in the same direction we are, not that any party or any politician is going to represent every detail of our point of view, but in general this party, this party, this candidate or that candidate comes closer to representing my view than the other. That is the choice we have.

Mr. President, I hope we all understand this business of ''Me, too, politics'' is not leadership. It is not decisiveness. It is a matter of avoiding taking strong positions. It is a matter of saying, ''Yes, this is a good idea. I am for it, I want to balance the budget, but I just cannot vote for it the way it is,'' and never will.

I appreciate the opportunity to discuss this. I see my associates have come forward. I yield to the Senator from Pennsylvania.

Mr. SANTORUM. I thank the Senator. On the issue of the President, which is a discussion that many of us are scratching our head about with respect to the rhetoric we are hearing from the White House on issues—very, very important issues—that face this country, where Republicans here in the Congress and in many places, on a bipartisan basis, are trying to move forward with programs we believe will move this country forward. We have been met with very stiff resistance from the White House.

Yet when the campaign that has now commenced—the speeches; the President is out, making the campaign speeches—you would think from the speeches that he gives that all of the things that we are pursuing, that the American public is in general agreement with, like balancing the budget, like cutting taxes, like having smaller Government, like giving more power back to State and local governments, like welfare reform, all of those things that are very much supported by the American public and have been stopped, clearly been stopped by this White House, because we have passed all of those things, and they have been vetoed down at the Oval Office, the President is now campaigning in his speeches that he is for all of this. In fact, he is the one who is trying to make these things happen.

It is particularly difficult for me, as someone who has worked extensively in the area of welfare reform, to hear the President of the United States not only giving speeches on the issue about how he is in support of the welfare system, but we have a President of the United States running ads on television talking about his welfare plan. Let me remind the President and my colleagues that the President of the United States has introduced one welfare reform proposal. It was introduced in June 1994, some 18 months into the President's term.

As you may recall, in 1992 when he ran for election, he promised to end welfare as we know it and made it a centerpiece of the campaign—he was a new Democrat, someone who understood that big Government policies of the Great Society were, in fact, hurting the very people they intended to help, and that we had to do something different. We had to do something dramatically different. As a Governor from Arkansas, he saw the need for decentralizing welfare back to the States, into the communities, where anti-poverty programs have been more effective and more tailored to the needs of the people in those communities.

So he said he wanted to end welfare as we know it. I think that was a very significant component of putting together the Clinton majority that earned him the electoral votes necessary to win the Presidency. Mr. President, 18 months later, he introduced in that interim period of time massive health reform, tax increases, further spending increases, new entitlement programs, a whole lot of other things were introduced in the first 18 months. He tried to do the gays in the military and other things that were obviously higher in priority because they certainly came before any initiative on welfare. He took no initiative.

The 103d Congress, from 1993 and 1994, introduced no legislation, the Democratic majority in both Houses introduced no legislation to move the welfare debate forward. In June 1994, it was introduced. It was a pathetic bill by everyone's estimate. It was panned by both sides as being no significant reform at all. In fact, they had trouble finding Democratic cosponsors of the bill. Someone even introduced the legislation for the President because it was considered such a minimal, incremental, insignificant reform of a system that was in terrible need of reform.

This is the plan—I assume this is the plan—that the President now is going around the country suggesting ends to welfare as we know it. No one from the left or the right, whether you are for

welfare as it is or would like to see substantial changes, would indicate that the President's plan of 1994 ended welfare as we know it. Yet, we have the President of the United States out on television, out in speeches, suggesting that he is trying to end welfare as we know it.

He had an opportunity to end welfare as we know it. Last year, we worked on a bipartisan basis here in the U.S. Senate and passed, I think, a very strong bill, one that attacked the significant problems in the welfare system, began to attack them. I do not see this as the final solution, by any stretch. But, in fact, it began to take us into a new course, where we focus more on allowing individual communities and States to fashion their own welfare programs with more flexibility. We put some work requirements in there, because we believe that is absolutely essential to transition people off of welfare. If you are going to transition people off of welfare, you have to give them work experience and teach them the skills necessary to work, and you have to put in time limits. If you do not put time limits in, you have a system that perpetuates nonwork, perpetuates a whole lot of values which I do not believe make for successful Americans.

We worked together on a bipartisan basis here in the Senate and came up with a bill that got 87 votes on the floor of the U.S. Senate—87 out of 99 votes; there were 12 who voted against it. That is an enormous bipartisan effort. In a year or two, now, where you have seen claims and disgust from the public about the intense partisanship, about the serious issues that face the country, here in the U.S. Senate, the issue that I think is one of the most pressing and important issues to this country and to our culture, to helping those who are in need, we were able to get 87 votes for a bipartisan bill.

The President of the United States, who originally said, ''This is a great bill and I like it,'' as time went by, as we were working on this bill in conference, the President said he would veto, in fact, the Senate bill, that he would not support the Senate bill, even though it got 87 votes here in the U.S. Senate. So the President again very clearly signaled to the other side that he was not for anything that looked like the Senate bill or certainly not the House bill, and sent the signal to block whatever came out of conference as unacceptable welfare reform, even though there were 87 votes here.

Now, this is the President who is running ads saying he wants to end welfare as we know it, having torpedoed a bill that got 87 votes here in the U.S. Senate, having not offered any substantive proposal in this session of Congress, having offered a weak proposal in 1994 that, again, was panned by both left and right as insignificant.

This is the President who now wants you to believe that he is for us; he is for the same things that we are for and that you are for in welfare reform. The fact is on this ''me, too'' he is not ''me.'' He is not ''us.'' He is ''them.'' He is the status quo. He is for perpetuating a system that while well meaning in its inception—and certainly the people who put these programs together did not put these programs together because they thought they were going to hurt the poor, or because they thought they were going to hurt the children, or they thought were going to destroy communities, or thought they were going to create a culture of despair, or thought that they were going to really begin to tear apart families, or thought they were going to see fathers becoming less and less responsible for their children. None of those things were intended consequences of the Great Society programs and the other welfare programs we passed. But they surely have contributed to all of those things.

What we are saying is that it is time to do things differently that we know work in rebuilding those institutions. The institutions of family, of parental responsibility to children, of community organization that builds values in the communities like churches and nonprofit organizations, and civic associations that build a sense of community and set standards and values for this community so people can relate to—in fact, not only do they relate to but they participate in establishing.

We believe that sending welfare back down is not just substituting a State bureaucrat for a Federal bureaucrat, but substituting the neighbor down the street who works at the local community center, or the pastor of the church, or the social worker at the nonprofit mission helping the poor. That is what we are talking about in the welfare reform that is envisioned in the bills. I am hopeful that we can see that kind of progress in this area.

I am also hopeful that the President will own up to the fact that he is not for welfare reform as that envisioned that I have just given you. That is not his vision of welfare reform. His vision of welfare reform is ensuring Federal control over these programs, guaranteeing that you will hear very much, ''Well the Republican plan didn't guarantee this; it cannot guarantee that.'' I can tell you what all of these Federal guarantees have gotten us over the past 30 years: Guaranteed failure, Federal guarantees failures of families and communities and culture. We want to get rid of the Federal guarantees. Yes, because we believe it is much more important that instead of having the bureaucrat guarantee that someone gets a check passed out by someone who sits behind bulletproof glass and you receive the check because the number that you have on your card is the number that matches that computer. Who you are does not matter. What your concerns are, does not matter. What your needs are, does not matter. You are a number in a computer and you get processed like it. That is not the kind of guarantee that I think the poor want in this country. What they want is the guarantee that someone loves them, cares for them, who sees them as a neighbor, who sees them as part of what they are in a community, and has the resources available to them to help them. That is the guarantee that we want to provide. That is the kind of program envisioned that we see for helping the poor in this country, and it is not about the Federal Government taking care of people. It is about neighbors taking care of each other which is about the goodness of America and the culture that we so much want to rebuild in this country.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

I just wanted to add a few words to what my colleagues have been talking about here this afternoon—about leadership that I believe the American people have been calling for, leadership in areas such as a balanced budget, leadership of Federal spending reforming our welfare system, and, yet, leadership in providing tax relief to America's hard working families. That is what people think about leadership on these type of issues. They usually first think of the President because he naturally, after all, is our chief executive officer of the country; the person who delivers the State of the Union Address every year; the one required by law to begin the budget process by submitting that proposal to Congress. The President is elected to lead. But that is not what President Clinton has done over the last 3½ years. Instead of leading the Nation he has been more of one that is following in the footsteps of Congress. Whatever we do the President now especially in this campaign year is saying ''me, too'' as we have noted in other things. But his proposals in comparison with ours are really just pale examples of what needs to be done.

We talk about welfare reform. He says ''me, too.'' But he does not provide adequate reform that we need to save and provide for that system of Medicare. We say we need to save Medicare. He says ''me, too'' but does not provide the basic reform and changes in the Medicare system to ensure that it is going to be here for the seniors who rely on it today and for the generations to come.

Few issues symbolize the me-too response better than what has happened to tax relief. This President in 1992 as candidate Bill Clinton for President campaigned on the issue of tax relief for American families. In fact, then even called for tax relief as high as $1,000 per child tax credit. He said American families need tax relief. But what did the President do after the election? Did he come to Congress? Did he come with a budget that said, ''Now I am going to do what I promised to do, and that is to provide tax relief in some form to America's families?'' No.

He did not. In fact, in 1993 the President proposed and this Congress passed—again without one Republican vote because we did not want to add to the tax burden of the American families—a $265 billion tax increase; not tax relief for families, but tax increases. Of course, we are going to hear the rhetoric all the time that it was targeted for the rich so they can pay their fair share. If that is true, why is the average tax burden on Americans today at all levels higher than it was just 3 years ago? Why is tax freedom day now on May 7 and not May 1 as it was 3 years ago? It is because the average American in this country is paying more taxes today than at any time in history.

Our tax levels are higher today than at any time in history for average Americans—not just for a few but for all Americans. This flies in the face of what President Clinton said just 3½ years ago in 1992 that he was going to provide tax relief.

In 1993 while a Member of the House I introduced a budget called families first, and among the budget proposals included was tax relief, and specifically $500 per child in that tax relief package, half of what the President had talked about but as much as we can get a consensus on. We thought that was important. But when it reached the White House as part of our budget plan last year what did the President do? The President vetoed that. The President did not carry through on his promise of providing tax relief as I said, in fact he added more taxes to the average American family's debt.

In doing so, I was hoping that we could win the President back over by providing for and including this tax cut in our budget. For nearly 3 years we have been fighting that. As I said, the President has vetoed every attempt that we have made.

So the President keeps saying—and we will hear it on the floor here as well, again as I mentioned—that this is just tax relief for the rich. I do not know where that comes from. When average American families in this country—in my State of Minnesota alone $500 million a year for average families could stay in their pockets rather than being sent to Washington. You will hear a lot of those—''Well, Washington speaks, and we can't afford here in Washington to give this type of tax relief.'' Well, the question is: Whose money is it? It is not Washington being able to afford to give tax relief. The question should be: Should American families be able to keep more of the money that they worked hard for every day? How much can we allow them to keep? That should be the question rather than saying, ''How much is this going to cost Washington?''

The President though in his me-too efforts says, ''Well, I do want to give tax relief now.'' This is an election year. But now he is saying in his latest budget, ''Yes. I want to give tax relief. Me, too. I want to give a family tax credit, $500 per child. Me, too.'' But what is the President's proposal? It is not $500, and it is not for all children. It starts out as a $300 tax break for children, and it is phased in over 5 years. But at the end of 5 years it dies again. So he gives it and takes it away.

Is it for all children? No. It is for children up to the age of and including the age of 12. So it is not for the same type of a tax relief that we have offered across the board of $500 per child tax credit.

So, in other words, when it comes to $500 and the tax credit, the President has said ''me, too'' but only for a few years, not for children over the age of 13, and I guess not for real.

So today, still 4 years after that promise was made, 3 years after we began the fight of offering tax credit and tax relief for American families, taxpayers still find themselves now caught between the rhetoric and reality. We have tried. We have included tax relief in our budgets. The President has vetoed it.

So when Bill Clinton took office in 1993 we said then the taxes were too high, we believed Government was too big, and that spending was out of control. Nearly 3½ half years into the Clinton Presidency, and despite all the efforts that we have made, taxes are still higher than they were 3 years ago, Government is bigger than it was 3 years ago, and spending. Well, I think you get the message. Spending has increased over the last 3 years.

The bottom line is this cannot continue. We cannot give up on our efforts to return to the American people their hard-earned tax dollars. If the President is not willing to exercise the responsibilities of leadership handed to him by the voters, then we must. We are going to continue our efforts when it comes to carrying out the taxpayers' agenda. Their demand for a balanced budget, less Government spending, and tax relief is what we are going to continue to work for. We cannot afford to simply sit back and say, ''Me, too,'' like the President has done. We have to say we can and we will do this.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I want to continue this same theme of discussing ideas that have been put forth by Republicans in the Congress and which the President has claimed he also supports, though in some cases the record would suggest otherwise.

Former Congressman and HUD Secretary Jack Kemp has said something that I always thought was very wise. He said that campaigns are not so much about defeating an opponent as they are about providing leadership and new ideas.

The Republican Congress, particularly under the leadership of then Majority Leader Bob Dole and Speaker NEWT GINGRICH, have provided the leadership and the new ideas that have animated the agenda here in Washington for the last year and a half. It began with the Contract With America, and it followed through with many of the ideas that have just been discussed by the Senator from Pennsylvania and the Senator from Minnesota.

One of those was the idea of tax cuts that the Senator from Minnesota was just talking about. These were proposed, of course, by Republicans. The President said, ''Me, too, but not as much.''

With regard to welfare reform, the Senator from Pennsylvania talked about that. I remember when President Clinton said, ''Me, too'' on that, and tried to steal the thunder, apparently, from Majority Leader Bob Dole, who was prepared to talk about welfare reform, when President Clinton said, ''I like that Wisconsin State plan. That is the kind of real welfare reform we need,'' in a Saturday morning radio address. Then, when it came time for following through and signing the waiver that would allow Wisconsin to follow through with its welfare reform, the White House said, ''Well, we are not quite ready to do that, yet. We want to think about it a while.'' So one is not even certain whether, when the President says, ''Me, too,'' he really means it.

In any event, taxes and welfare have been discussed. Let me mention quickly three other subjects that fall into the same category. One is the subject of defense and, in particular, ballistic missile defense. This is something that has concerned Republicans in the Congress, and some Democrats, for a long time. It was a particular challenge when, during the cold war, the Soviet Union had the capability of raining on the United States the ultimate in weapons of mass destruction, the ability to destroy, literally, the United States and, if we retaliated, eventually the world.

President Reagan decided that the best way to deal with this was through the development of a defense, so that no longer would the world be threatened with annihilation as a result of two superpowers killing each other and every other living thing on the face of the Earth; that we would provide a defense for ourselves so no nation would want to attack us because they would know they could not succeed and they would simply be wasting their money to try.

That work on star wars, as opponents called it—it was really called the Strategic Defense Initiative [SDI]—is credited by many Russians as being one of the things which finally caused the Soviet Union to throw in the towel in the cold war, to acknowledge they could never compete with us, not only economically but also militarily in these sophisticated high-tech areas, and, therefore, they may as well decide to be our friend rather than our enemy.

Today's ballistic missile threat is a little different. It does not come from a country like Russia. It comes from a lot of so-called rogue nations around

the world who are acquiring the technology to deliver weapons of mass destruction by ballistic missiles, perhaps a little shorter range than the Russian missiles, but still with the capacity to rain harm on their neighbors, on neighboring states, on the capitals of our allies, capital cities, on troops deployed abroad.

The administration said, ''We are for that, too. But we do not really want to spend as much money as it would take to develop the systems, at least as soon as you would like to see them developed.'' So it has been distressing to those of us who tried to support these programs to see the administration delay them and delay them and delay them, while all the time suggesting that nevertheless they do support them. Specifically, I have in mind two very important theater ballistic missile programs, the so-called THAAD Program and the Navy Upper Tier Program.

Both of these are designed to, when they are deployed, intercept missiles that would be delivered by an enemy in some theater around the world. One reason for the Navy program is that you could send the Aegis cruisers all over the world, literally, and defend against such a situation. For example, if the North Koreans decided to launch one of their new missiles against Japan or against South Korea, or even, as they will have the capability of doing after the turn of the century, against the United States—say Alaska or Hawaii—positioning those Aegis cruisers somewhere in the western Pacific would permit us to intercept such a missile.

The administration, however, has refused to comply with the law of the land in spending the money necessary to develop those programs within the timeframe called for by the legislation that was adopted by the Congress and signed by the President last year. Therefore, it is another example of an idea where the President has said, ''I am for that, too,'' but he is not willing to back up the words with actions.

Quickly, Mr. President, two other examples I wanted to mention. One is one where I really hope we can have a bipartisan effort, because this should know no partisanship. It deals with the question of victims' rights. People who have been victimized by violent crime ought to have some constitutional rights in our criminal justice system. I say criminal justice system because that is what it has come to be called. But in a perverse way, it also expresses what has really happened to our system, where justice is provided to criminals—and we would have it no other way—but it is not provided to the victims of crime. We need to right that imbalance right now.

Our society believes in the rights of innocent people so strongly that we even say we would rather have nine guilty people go free than have one innocent person convicted of a crime. So we protect the rights of defendants, people who are accused of crimes. But we do not provide similar protections to those people who are innocent and have already been victimized. Senator FEINSTEIN, a Democrat, and myself have introduced a constitutional amendment to protect victims of crime. We hope this will be a bipartisan effort.

Recently, we find that sounds coming from the White House suggest, again, the President is for this. I am hoping this time he will not only be for it in his expressions, but that he will support us in our effort to get this constitutional amendment adopted. The former majority leader, Bob Dole, is a cosponsor of our legislation. I would be very, very pleased if President Bill Clinton would join with us in supporting this constitutional amendment so Republicans and Democrats alike could provide real protection for the victims of crime. This should be a real test for the President. Will he not just say, ''Me, too,'' but come aboard and achieve the goal.

Finally, I just wanted to mention the fifth item, and that is the balanced budget. The President has been very, very willing to say he, too, is for a balanced budget. The problem is that every effort that we have undertaken to try to achieve that balanced budget he has thwarted.

We tried to do it first through a balanced budget amendment to the Constitution, because we knew it would be difficult to get the Congress to actually pass a balanced budget. He lobbied several Senators on the Democratic side who had previously supported the balanced budget amendment, urged them to oppose it, and it failed by one vote, as we all know. So we did not get a balanced budget amendment to the Constitution, even though the President said he was for a balanced budget.

He said that ought to be the job of the House and Senate, so we took him up on his word. On November 17 of last year, the Senate of the United States passed a balanced budget, the first one in 20-some years, I think it is 28 years. The House did the same thing. We sent that balanced budget to the President. On December 6 last year, he vetoed it.

He is for a balanced budget, but when it came time to actually sign it, he was not ready to do that. So, once again, we have an example—this is the fifth one, as I said—where the President is very quick to say, ''Me, too,'' but when it comes time to follow through, he is not there.

I will return to the beginning of my remarks. As Jack Kemp said, campaigns are about providing leadership and new ideas. The Republicans have provided this leadership. We have provided the new ideas. We have really won this campaign of ideas because it seems to me that the President and many of our Democratic friends are now agreeing with us that welfare reform, Medicaid reform, tax relief for American families, a strong national defense, a balanced budget, regulatory reform—which I have not even talked about—all of these things are good ideas and they should be implemented.

The President says, ''I agree.'' The problem is that we cannot get him to follow through with this. That is what this next election probably is going to be all about. Will we follow our leadership? Do you agree with our ideas? If you do, Mr. President, what we will be saying is elect the kind of people who will follow through on those ideas. If you do not agree with those ideas, of course, then you are going to want to support someone else. But I think politics is about providing leadership and new ideas. These are the right ideas, and it is time for us to get support, not just in the House and in the Senate of the United States, but from the President of the United States.

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

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

BUDGET RESOLUTION CONFERENCE REPORT

Mr. LEVIN. Mr. President, I cannot support the budget resolution which the majority has presented to us. First, it reduces funding for Medicare and Medicaid more than is necessary in order to provide dollars for tax cuts which are likely to benefit most of the wealthiest among us.

The budget also reduces discretionary funding for education from current levels—and I emphasize that—the funding for education is being reduced in this budget from current levels for 5 of the next 6 years. It does that at the same time that it increases the funding for defense each and every year during that period, including $11 billion more for next year than the Pentagon requested.

Those are not the right priorities. Last year we fought long and hard before succeeding in restoring funding for education, such as Head Start, vocational education, the title I reading, writing and math skills program, Perkins loans and the State student incentive grants for college students. I believe it would be shortsighted to now retreat from a firm commitment to the best investment in our future, and that is education.

We have now reduced the deficit for three straight years, and we are on the verge of a fourth. We are doing that—reducing the deficit for three straight years—for the first time since World War II. During those same years, the deficit has been cut by more than half, from $290 billion in 1992 to less than $145 billion in 1996.

We should build on that progress, and we should continue that progress. That

is why I supported two alternative budget resolutions, each of which would have balanced the Federal budget within 7 years.

Those budgets would do so, however, without providing large tax cuts to the wealthiest among us at the expense of children, seniors and students. We can balance the budget without damaging cuts to health care for the elderly, education funding and environmental protection, and those are among the top priorities of American working families.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the proceedings under the quorum call be dispensed with.

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

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that I be allowed to speak as in morning business.

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

(The remarks of Ms. MOSELEY-BRAUN and Mrs. MURRAY pertaining to the submission of Senate Resolution 263 are located in today's RECORD under ''Submission of Concurrent and Senate Resolutions.'')

Mrs. MURRAY. Mr. President, I ask unanimous consent to proceed as in morning business.

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

THE POWER OF RELEVANT EDUCATION

Mrs. MURRAY. Mr. President, yesterday, I was privileged to see and hear a dramatic presentation by four high school sophomores from my home State of Washington. They performed a short dramatic work, with choral music, in my office for me and my staff. They had no fancy stage lights or microphones or curtains. They had simple costumes, and no stage makeup. Yet, they created true magic. It was emotional, powerful, and indicative of what young people can do if given half a chance.

These four young women, Dallas Milholland, Cynthia Ward, Kristin Allen-Zito, and Malissa Kobbevik, came to Washington, DC, from their home 3,000 miles away in Bellingham, WA, to compete in the National History Day Finals. The presentation they created was entitled ''Focus of Concern: Breaking the Silence Surrounding Battered Women.''

They researched the plight of battered women throughout history. They examined the accounts of women's ill-treatment, and the silence, ignorance, and approval of such treatment. They also looked at the rise of concern about domestic violence and passage and enforcement of laws to protect women against it.

These four young women wrote the script, adapted the accompanying music for beautiful three-part harmony, chose the subdued black costumes, and did the understated blocking and choreography. They performed before national judges, and other students from around the country.

This morning, they called and told me that they have been chosen as the National Champions of the National History Day Competition. I know the Presiding Officer is as proud of these four young women from Washington State as I am.

The teachers and students of Bellingham High School, and those on Vashon Island, in Port Angeles, and Richland, who also brought their terrific History Day projects to the competition, should all be proud. The people of Bellingham, of Washington State, and all Americans should be very proud of these four young women from Bellingham, and all those who made their great victory possible.

What their performance teaches every person who sees it is that domestic violence is an overpowering presence in the lives of too many women and children, almost as hard to outlive as his to live through. As these young women point out in their presentation, ''During the 10 minutes of (our) presentation, 66 women have been beaten. Sometime during the next 3 hours, one of these women will die.''

To quote further: ''During the 13 years of the Vietnam war, 58,000 American service personnel died on the battlefield. During the same time period, 54,000 American women were killed by their domestic partners.''

Their performance teaches that with brutality against women, as with all brutality in the human experience, there are times of concern, when actions happen, and there are times of silence, or worse, times when brutality is condoned. Each of us needs to be responsible to call 911 when we hear the sounds of domestic violence in our neighborhoods. Each of us needs to be responsible to value women and their young children. Each of us needs to tell young girls that they deserve and should expect better.

We must become aware that every day women are beaten, pushed, and threatened by those they love: and they are too afraid to admit ''someone I love is hurting me.''

This performance also teaches something about the power of a relevant education. Young people learn best when they see relevance to their own lives outside the classroom, relevance to their current interests, and relevance to their future careers.

These young women are talented, interested, and powerful. They are not, however, alone, and they are not unique. Behind these four young women are four families, and at least one great teacher who gave them a chance. A chance to do something adults these days don't seem to expect from American students—strive for excellence.

Every student can benefit from seeing this performance. Every student can also benefit from being given a chance to work hard for something that they truly care about. Whether it's a book, a social cause, a business idea, a sport or hobby—we must encourage young people to see the connections.

These young people from my State are incredible. They can help us solve the problems facing this country, so can all the other children in this country today.

Mr. President, I ask unanimous consent the text of the script from the students at Bellingham High School be printed in the RECORD.

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

''BATTERED WOMEN''—SCRIPT

4 girls standing in darkness with backs to audience.

C/D/K: Open with song: ''Can You Hear the Prayer of the Women.''

[single spotlight on.]

M: My heart is in anguish within me. The terrors of death have fallen on me. Fear and trembling come upon me and horror overwhelms me. It is not enemies who taunt me. I could bear that: It is not adversaries who deal insolently with me. I could hide from them, but it is you, my equal. My companion, my familiar friend with whom I kept pleasant company—Psalm 55.

[spot off.]

C/D/K: Song: ''Crying Jesus Help me to see the morning light of one more day. But if I should die before I wake, I pray my soul to take.''

M: I was charged with first degree murder. I have 15 to life: I killed my husband.

K: I was charged with murder in the first. I have life without: I killed my husband.

D: I was charged with second degree murder. I'm serving 15 to life: I killed my husband.

C: I was charged with first degree murder. I'm doing life without. I killed my husband.

[4 spots on.]

All: I killed my abuser.

C: During the 13 years of the Vietnam war 58,000 American service personnel died on the battlefield.

D: During the same time period 54,000 American women were killed by their domestic partners.

All: Beaten to death.

K: Stomped.

C: Kicked.

M: Choked.

D: Their head bashed repeatedly against solid stationary objects.

All: Battered.

C: Every fourth woman who enters a hospital is there because of injuries sustained during an attack by her domestic partner.

D: Every 9 seconds in America a woman is beaten by her husband: The flash of the red light is indicative of this time of violence.

M: Seven women die each day as a result of these beatings.

K: For 1,000's of years society has not only allowed, but has tacitly encouraged the battering of women.

D: The Old Testament.

C: ''The Levite picks up his battered wife and cutting her into 12 pieces he sends her remains throughout the land.'' Judges 19:30

D: 300 A.D.

M: In Rome the Emperor has his young wife boiled to death when she is no longer of any political use to him. Constantine 1st Christian Emperor.

D: 1517.

K: ''When my wife gets saucy, she gets nothing but a box on the ear.'' German reformer, Martin Luther.

D: 1804.

M: ''Women are like walnut trees, they should be beaten daily.'' Napoleon Bonapart.

C: Throughout history a man's right to beat his wife was clearly acknowledged in the law.

M: 1395.

D: It is the husband's right to inflict extreme punishment on his wife because it is reasonable and solely for the purpose of reducing her from her errors.

C: Supported by the Church as his spiritual duty.

M: 1850.

K: ''Woman was created after man, therefore she is a byproduct of him. She was created in response to his needs. She was the agent of his downfall and the cause of his banishment from paradise. All of these things are proof of her inferiority.''

C: And implicitly condoned by society.

M: 1791: French citizen. Lavacher batters his wife during a meal with two male guests. Their response.

D/K: It is not appropriate to ill-treat your wife in front of your friends.

K: Because society believes.

M: It is his right.

K: It is his duty.

D: It is God's will.

C: It is her fault.

M: It is her cross.

All: She must bear it.

K: Perpetrators and victims also believe.

D: 1963: the Perpetrator.

M: ''I'm sorry I hit you, but it was your fault, you provoked me. You'll just have to learn that I'm the boss.'' Mickey/Michigan.

D: 1996: The victim.

C: ''All the time he was beating me I believed his mind games and thought this is my fault maybe if I try harder to be what he wants.'' Heather/Bellingham.

M: For 100's of years wife abuse has cycled through the public awareness.

C: A focus of concern.

K: The early 1600's.

D: Puritan leaders take a stand against family violence because they believe that it weakens the community and offends God. Citizens are encouraged to watch neighbors. To stop domestic violence as it occurs and report these cases to the authorities.

K: The church strongly supports this stand. Puritan Preacher Cotton Mather.

M: ''For a man to beat his wife is as bad as any sacrilege. Any such rascal were better buried alive than to show his face among his neighbors.

D: This stand by community and church eventually impacts the law.

K: 1641.

C: The Massachusetts Body of Liberties. A Civil and Criminal Code, becomes the first American reform making domestic violence illegal.

M: ''Every married woman shall be free from bodily correction or stripes by her husband.''

C: Over time this defense of women becomes clouded in a confusion of perspective.

K: From the late 1600's to the mid 1800's

D: A time of silence.

C: ''What goes on behind closed doors should stay behind closed doors.''

K: This social attitude weaves a fabric of silence surrounding the issue of wife abuse.

M: I do not see it.

D: I do not hear it.

K: I do not know it.

C: I do not feel it.

All: I cannot help it.

C/D/K: Song: ''Can You Hear the Voice of the Women Softly Pleading. No More Silence in Their Shattered World.''

M: A focus of concern.

C: The mid-1800's to the turn of the century.

M: Taking a stand, women begin campaigning for radical social change, one of their issues.

D: Relief for battered women.

K: 1871: The court rules:

M: ''The privilege, ancient though it may be, to beat her with a stick, to pull out her hair, to choke her, to spit in her face, to kick her about the floor, is not acknowledged by law.''

D: Suffragists realize that although this law clearly forbids wife abuse, society does not consider wife abuse a crime and so it goes unpunished and unabated.

K: 1876.

C: Lucy Stone, editor of the Women's Journal takes a stand against the ineffectiveness of these laws by demanding that they be backed by appropriate penalties.

D: ''The law for the use of the whipping post should exist in every State. An abusive husband will not fear a month in jail nor a fine, but he will dread the pain and disgrace of a whipping.''

M: Laws specifying punishments for wife beaters are passed.

D: But over time, public interest wanes. Although laws exist to protect women, public apathy renders these mandates useless and for the next 70 years a silence of indifference drowns out the prayers of women.

CDK: Song: ''Empty Eyes With No More Tears To Cry.''

M: A time of silence.

D: 1967. A desperate woman calls the police.

C: ''My boyfriend is mad at me, he's going to beat me up.''

D: The dispatcher replies:

K: ''Call us again when he does.''

M: The Civil Rights movement of the 1960's focuses public attention on the rights of minorities including the rights of women. The feminists movement of the 1970's continues this struggle. One of it's issues, public and judicial support for battered women.

D: Time and time again the terror of abuse pushes women to desperation. Without support from neighbors, police, or the judicial system. Women are pushed into violent acts of their own.

K: A focus of concern: 1977.

C: Francine Hughes, battered wife of 15 years takes the only stand she can. She douses her husband's bed with gas while he sleeps. Francine lights a match and is finally freed from his abuse.

K: Jennifer Patri. Evelyn Ware. Sharon McNearny.

M: Patricia Ross, Marlene Roan-Eagle, Barbara Jean Gilbert.

D: Idelia Meija, Hazel Morris, Bernestine Taylor.

C: Elsie Monic, Shirley Martin, Martha Hutchinson.

All: Shot and killed her husband.

K: It is tragic that these women are left alone to take such drastic measures. However the stands which they take shatter the silence surrounding wife abuse and screams for society's intervention.

D: Eventually society does intervene and significant changes occur.

K: Public awareness, concern and support for battered women.

M: The issuance of ex parte protection orders.

C: Mandatory arrest laws and criminal penalties for perpetrators.

M: Shelters and legal services for women in crisis.

K: We are told that history repeats itself and we have seen how the issue of wife abuse has cycled through the public's conscience. The time to stop that cycle is now while battered women are still a focus of concern.

M: During the 10 minutes of this presentation, 66 women have been beaten.

K: Sometime during the next 3 hours one of these women will die.

D: Will we again allow the silence to fall?

[All spots off.]

CDK: Song: ''Crying Jesus Help Me.''

[single spot on.]

M: ''Today in my small natural body I sit and learn, my woman's body, like yours, target on any street taken from me at the age of 12. I watch a woman dare, I dare to watch a woman, we dare to raise our voices.'' Victim 1975.

C: Song: ''Can You Hear * * *''

K: Can you hear the prayers of the women?

D: or is the silence too loud?

[spot off/close.]

Mrs. MURRAY. I encourage all Members to read these young women's powerful work, and I encourage you all to help all our students strive to be the best.

Mr. LIEBERMAN addressed the Chair.

(The remarks of Mr. LIEBERMAN pertaining to the submission of Senate Resolution. 263 are located in today's RECORD under ''Submission of Concurrent and Senate Resolutions.'')

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask unanimous consent to set aside the pending business so that I may speak as if in morning business.

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

STANLEY R. BROWNE

Mr. GRASSLEY. Mr. President, I rise today to mourn the untimely passing of a former Senate staff member, great Iowan, and personal friend. Stanley Browne started from very humble roots, one of six children born to a school administrator and housewife in Sioux Falls, SD, in 1923. His father Walter died suddenly when Stan was just 6 years old. From that day on, he watched the determination and selfless dedication of not only his mother Ida, as she cared for the family all day, then scrubbed floors and cleaned homes evenings, but also his oldest brothers as they dropped out of school, and sacrificed their futures—all to enable their family to stay together. He grew up rather quickly, acutely aware of both the value of hard work and money, for then there was no such thing as welfare. He became an Eagle Scout and served in various leadership roles in Scouting as an adult. He served our country in World War II, as a Paratrooper with the 13th Airborne Division, 326th Glider Infantry in central Europe, European African Middle East theater. After the war, he rekindled an acquaintance with a wonderful lady named Coral Jane Freeman. They

would have celebrated their 48th wedding anniversary this Thursday, June 13. Stan Browne, both with the help of this great country's GI bill and the hard work ethic installed upon him and embedded in his mind as a young child, went on to graduate from Drake University Law School in Des Moines, IA, while simultaneously juggling several part-time jobs to make ends meet. While at Drake he was president of the Delta Theta Phi law fraternity. Upon graduation, he practiced in the law firm of Wilson and Browne. He was active in Republican politics as both a candidate and campaign manager. After a victorious Senate campaign, Stan Browne became Senator Jack Miller's administrative assistant for 12 years. He served as president of the Administrative Assistants Association and was a member of St. Marks Presbyterian Church in Bethesda, MD. As current member and past chairman of the 116 Club, he was especially proud to have been responsible for admitting the very first woman to this formerly male dominated organization during his tenure. After his departure from the Hill, Stan Browne entered the private sector, joining the DuPont Corp., serving as its Washington counsel until his retirement in 1986. He served on the board of directors for the PUBCO and Bobbie Brooks Corp., based in Cleveland, OH. He was also a former member of the Iowa State Bar Association, Polk County Bar Association and the Jr. Bar Association, Worshipful Master of New Century Masonic Lodge, past president of the Central Iowa Multiple Sclerosis Society, and a member of the Landings Club in Savannah, GA. Both on and off ''the Hill,'' Stan Browne was known for his modesty, humbleness, honesty and integrity. With his calm and cool demeanor, he was highly respected and well known for his effective low-key and behind-the-scene accomplishments. In addition to his wife of nearly 48 years, Coral, he leaves behind two children; Laurel Bigelow and Neal Browne—currently in the Senate Document Room—14 years service—daughter-in-law Lisa Browne, three surviving siblings; Norma Egland, Barbara Fonder, and Miles Browne, seven grandchildren; Daniel Bigelow, Thomas, Scott, and Joshua Trickett, Adam and Rachel Browne, Skylar Hattrich; and one great grandson, Christopher Bigelow.

''IOWA SPIRIT'' SALUTE TO EDUCATION

Mr. GRASSLEY. Mr. President, for those awaiting the floor, I will only be here for another 3 or 4 minutes. I started a week ago to speak about the 150th anniversary of the State of Iowa, which we are celebrating with a congressional reception on June 26 on The Mall outside the Smithsonian Institution. I hope all of my colleagues will come to that and see some of the exhibits over the next 2 weeks honoring our 150th anniversary of our State.

I had a chance earlier this week to speak about the only Iowan to become President, Herbert Hoover. I want to speak today about something that is really great about Iowa, our educational system.

Our country's Founding Fathers, of course, had a very clear vision about America's public schools and firmly believed that excellence in education is paramount to the growth and prosperity of America. Iowa benefited from a pattern that was set by the central government, even before we had a U.S. Constitution, when the Northwest Compact was adopted in 1786, when land was set aside for public education in the new territories. That tradition continued west of the Northwest Compact area to be included in the traditions of education throughout the upper Midwest.

Today, in honor of Iowa's sesquicentennial celebration, I am proud to be able to tell you that Iowa's educational system is a working example of what our Founders had in mind. Iowa's high standard of excellence in education began in one-room rural school houses on the prairie. That same standard can now be seen in advanced academic settings across our State, both in the urban areas as well as the rural areas and small towns of Iowa.

The one-room rural school environment ended in the 1950's, but there is still the foundation in today's educational system of the personal interest of teacher and student in each other that comes from that one-room rural tradition.

Today, though, I am proud to share with you accomplishments of Iowa's increasingly diverse student population. I commend the continued dedication to education not only of students and teachers, as I have already said, but of parents and the volunteer school board members as well as school administrators across the State. Their combined daily efforts are a key part in the continued success of the Iowa public school system and the Iowa private school system.

Iowans are proud of our commitment to quality education for all children. It is a commitment that has earned national and international respect. Iowa's excellence in education is a direct result of its local control of schools and community-level responsibility. For decades, Iowa students have received the highest quality education and performed well above national averages in academic assessment.

It is estimated that 88 percent of Iowa students graduate from high school. What's more, each year Iowa's rate of students pursuing post-secondary education and other post-high school training continues to grow.

Iowa's high literacy rate is a key component of the success of Iowa's students. We rank as No. 1 of the 50 States in literacy. And, individuals in Iowa read more books than those in any other State on a per capita basis. The active involvement of some 525 public libraries, 7 regional libraries, and 62 academic libraries is testimony to Iowa's commitment to the advancement of knowledge.

Iowa's young scholars have ranked at the highest level in the Nation for a number of years in college testing assessments. In fact, for 6 of the last 7 years, Iowa has ranked first of all the 50 States in the SAT tests—and either first or second vis-a-vis Minnesota or Wisconsin, depending upon what year you are looking at, as tops in the ACT test.

In addition to Iowa's 390 public school districts and 235 non-public school districts, educators across the Nation rely on the Iowa Tests of Basic Skills and Iowa Tests of Educational Development to assess student achievement in grades 3 through 12. These two standardized achievement tests, developed by the Iowa Testing Program in Iowa City, where our university is located, provide teachers nationwide with unique supplementary information of the students that are in their organizations. This information bears on decisions about academic objectives, instructional materials, and learning environments for students in elementary and secondary schools.

I also want to acknowledge the proud tradition, although it is a relatively new tradition of about 30 years, of Iowa's 15 community colleges. Prior to the community college we had a student system of junior colleges throughout Iowa. But it was not statewide. The community college system developed 30 years ago is a statewide system of community colleges so that all students throughout the entire State of Iowa have access to a community college.

Each year, thousands of students in Iowa have successful academic experiences through one of Iowa's 15 community college districts. Last year, over 50 percent of the new freshmen in Iowa colleges and universities were enrolled at public community colleges. Year after year, these community colleges award thousands of high school equivalency GED diplomas for that 12 percent of our students who do not graduate from high school. Iowa's community colleges provide a myriad of curricula options for students whether they are seeking a degree or whether they want just a few courses. Our State's community colleges promote the concept that is a fact of life in our technological age—that education does not begin at kindergarten and stop with a college degree. Today, for people of all ages, education is a continuing process throughout life, including the formalized aspect of education that comes through an institution.

So access, quality, and responsiveness, are the three fundamental concepts upon which the community colleges' mission was developed and the principles which guide their growth and development that began 30 years

ago and is an expanding and more influential aspect of education in Iowa all the time.

Iowa's long history of academic excellence meets the high standards that our Founding Fathers set over 150 years ago when our State was established. With ongoing dedication from students, parents, teachers and school officials, I am confident that Iowa's education system will continue its path of growth and success as we continue our history and development as a leading State in the Nation.

I look forward to these new developments in education for today's leaders and future generations of American students.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. Mr. President, I preface my comment by joining with my friend and colleague from Iowa, congratulating his great State on the sesquicentennial of admission to the Union. As he and I discussed before, I have a good many relatives who live in his State. I have had the privilege of spending a good bit of time over the years in Iowa. I enjoy the State, the people, and, again, I express my congratulations to them on the occasion of their celebration.

LEGAL GAMING ENTERTAINMENT INDUSTRY

Mr. BRYAN. Mr. President, I rise to discuss the issue about which much has been said recently, the so-called need for a Federal gaming study.

The PRESIDING OFFICER. The Senator from Nevada is advised that some time ago we were to have gone to certain Federal Reserve Board nominations.

Mr. BRYAN. Mr. President, I ask unanimous consent that we set aside the pending business and that I be able to speak as in morning business.

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

Mr. BRYAN. I thank the Chair for advising me of the parliamentary situation.

Mr. President, I was commenting, we have had much discussion in the media, on the floor and as part of the national dialog of the need for a so-called Federal study of gaming. The integrity of the legal, legitimate entertainment industry, one which is of primary importance to the economy of my State, has been repeatedly impugned.

One Member of the other body took the House floor to call those who work in the gaming entertainment industry a group of ''roaches.''

I want to cut through some of this rhetoric and set the record straight. Excessive rhetoric has been used to drown out a constructive dialog and a careful deliberation about a legitimate issue: the rapid growth of gaming across America.

Opponents of legalized gaming have resorted to character assassination, guilt by association, and distortion of the views of those with whom they disagree.

The time, Mr. President, has come to say, ''Enough is enough.''

At the outset, it is imperative to step back from this emotional rhetoric by gaming critics and to observe that gaming entertainment in all forms would not be expanding without demand for this form of entertainment. Simply stated, the American consumer, not the Government, has decided to spend his or her precious recreational dollar in this fashion. For example, 30 percent, or 32 million households, made a total of 125 million visits to casinos across America in 1994. The total number of casino visits rose to 150 million in the following year of 1995. In many respects, this growth in casino visits is not surprising, given the changing nature of gaming entertainment in general and casino gaming in particular.

Since the late 1980's, casinos have become what the experts characterize as ''destination resorts'' which offer more than the various games of chance normally associated with the casino. These destination resorts now offer a range of additional entertainment experiences, including a variety of sporting events and recreational activities, theme dining experiences, unique shopping, Broadway-quality shows, and many other attractions.

If casino entertainment was not providing solid value for the dollar spent, consumers would not be patronizing these establishments. It is somewhat puzzling that those who are defenders of the free market and proponents of State regulation are quick to second-guess consumers and States on this policy question.

Advocates of legislation to create a Federal gaming study commission have stressed in their public statements and in testimony before various congressional committees that the limited purpose of this commission was to study the socioeconomic effects of all forms of gambling and to give policymakers at the local, State, and Federal level the data they need to make educated decisions.

I might just say parenthetically that there has been no request generated by local or State government, that I am aware of, of calling upon the Federal Government to conduct such a study. But that is ostensibly what they claim.

They have consistently emphasized that no one, least of all the legal gaming industry, should fear anything that is just a study.

Mr. President, the gaming entertainment industry in my own State has absolutely nothing to fear from a fair and unbiased study. Nevada's tough regulation has made this industry a model for other States, which have adopted gaming, to follow and, indeed, is an international or global model.

However, what is going on here is a crusade by those who want to destroy an activity that they do not like, and that, Mr. President, is dangerous. The principal premise for the proposed commission advanced by its antigaming opponents is that States and local governments lack the ability to acquire and act on objective information in the face of well-financed attempts to put casinos in. This simply does not square with reality.

No State—and I repeat, Mr. President, no State—has approved new casino gaming for several years. For example, 7 of 10 gaming initiatives were defeated in 1994, and no new casino gaming was approved by a new jurisdiction in 1995.

Let me just comment parenthetically. From a parochial perspective, representing my State, I am not an advocate for the expansion of casino gaming in other jurisdictions. But the point needs to be made that that is a decision which States, local governments, free from Federal interference, ought to be able to make on its own.

Those who have an established agenda decided to elevate this commission from one to study the impact of gaming to one that is designed to investigate the operation of a legalized gaming industry.

While many of those who support a study have good intentions and prefer a reasonable approach, they are being drowned out by those extremists whose goal is the destruction of this industry. The loudest voices calling for a gaming study are those who want to shut down a legal industry in a State which has chosen to allow gaming. They believe they possess a superior moral barometer and should tell us what is right and what is wrong.

They feel the same way on other aspects of our society, and we know not what will be their next target. What I want to do today is to give you a more fair picture of the legal and highly regulated gaming industry in my own State.

In Nevada, the gaming entertainment industry provides 43 percent of the $1.2 billion annual State general revenue. This is the source that finances the essential operations of State government; first and foremost, education.

The gaming entertainment industry accounts for more than 50 percent of Nevada's employment, either directly or indirectly. The gaming industry in Nevada has today extensive regulation and oversight, involving day-to-day on-site supervision by State gaming control authorities, the Internal Revenue Service, and the Treasury Department unit which handles currency transaction issues.

In fact, when the Treasury Department testified before the U.S. Senate Banking, Housing, and Urban Affairs Committee recently, they had high praise for the regulation of currency transactions in the State of Nevada.

The regulation of gaming is not perfect. We have worked long and hard in Nevada to establish a tough regulatory system that is a model for how such a system should be run.

The State of Nevada employs 372 regulators and charges the gaming industry $19 million on an annual basis to see that only legitimate interests are involved in gaming and that the games of chance are conducted honestly and fairly.

Despite Nevada's success with gaming, I would be the first to admit that legalized gaming may not be the best choice for every community, and I have repeatedly expressed my concern that Indian gaming regulation in some States is far too lax.

Some States have unrealistically looked at gaming to solve all of their financial problems; a panacea, if you will. And some States have rushed into gaming without the proper regulatory controls, and the results have been disastrous. Any State or community that chooses to legalize gaming should do so with its eyes open and with a strong commitment to strict regulation and control.

I am confident, however, that States are more than qualified to make these type of decisions on their own without the intrusion of the Federal Government.

I am proud of what I did in Nevada in my 6 years as Governor at a time when the industry worked with me to improve the industry's operation. The chairman of the Nevada Gaming Control Board is Bill Bible, the son of a highly respected colleague of ours, U.S. Senator Alan Bible. Bill Bible is tough, he is honest, and he is effective. Nevada's gaming regulations reflect his commitment to making sure that our industry is regulated completely and thoroughly.

The fact is that today the legalized gaming industry is a legitimate business, as legitimate as any business on the Fortune 500 list. More than 50 publicly traded companies, all regulated by the Securities and Exchange Commission, own gaming interests. The financial operations of these concerns are carefully scrutinized by market analysts, market regulators and investors of all kinds. All these companies file 10K's, or similar forms, with the SEC.

The stocks of these companies are widely traded on major public stock exchanges, including the New York Stock Exchange and overseas markets. Stocks of gaming and gaming-related companies are broadly held by major institutional investors, such as pension funds and other retirement-related funds, including the California Public Employees Retirement System, the Colorado Public Employees Retirement System, the New York State Teachers Retirement Fund, the Wisconsin Investment Board and Harvard University.

The gaming entertainment industry employs over 1 million people throughout the United States, paying $6.8 billion in salaries in 1994. The industry paid more than $1.4 billion in taxes to State and local governments in 1995, along with an estimated $6 billion to $7 billion more paid by other forms of gaming entertainment, such as State lotteries, sports betting, horse and dog racing.

While Las Vegas is proud to be the gaming entertainment capital of the world, Nevada is far from alone as a gaming industry base. Jobs, entertainment, taxes and positive economic effects are felt in States as economically and politically diverse—New Jersey, Mississippi, Illinois, Connecticut, Minnesota and Iowa. Indeed, some forms of gaming entertainment are legal in 48 of the 50 States.

The industry will spend an estimated $3 billion on new construction in 1996, with billions more slated to be spent on construction projects over the next several years. This construction creates demands for goods and services sold by companies around the country for everything from construction materials to architectural services.

The true agenda of the industry's critics is an agenda of ending legalized gaming, as the title of the group ''National Coalition Against Legalized Gaming'' states in bold letters.

My response is simple: in this country, adults are free to make their own decisions about where, when, and how to spend their entertainment dollars.

It is indeed ironic, at a time when many decry the power of the Federal Government and seek a return to more State and local control and personal freedom, that some of the very same people who assert this as their philosophy are people who seek to establish a national commission in this case, without requiring involvement of State government officials, to determine how best to oversee a State-regulated industry.

None of this is to suggest that gaming entertainment, like any other major business, particularly one which hosts millions of visitors each year, does not have its share of public issues and challenges. For example, in all of the recent commentary, little if anything has been said about the serious effort made by individual companies and the industry as a whole to address concerns about problem gaming.

The industry recently announced the creation of a multimillion dollar commitment to the new National Center for Responsible Gaming.

The companies involved in gaming entertainment are recognizable names like Hilton, ITT, and Harrah's.

These companies engage in a wide range of community activities.

These companies are run by highly respected business leaders such as Terry Lanni, Bill Bennett, Clyde Turner, Dan Reichartz, Bill Boyd, and many others I could mention who are recognized for the business acumen well beyond gaming circles.

When a Member takes the floor to call a hard-working, law abiding industry a group of ''roaches'', it is time for a return to civility, to disagreeing without being disagreeable or disingenuous, in order to permit a rational debate on matters pertaining to the gaming industry.

I thank the Chair and I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I ask unanimous consent that I may proceed as in morning business for 5 minutes.

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

Mr. CHAFEE. Mr. President, I want to thank the Senator from Iowa for permitting me to go on his time.

THE OUTRAGEOUS ABUSE OF POWER BY THE WHITE HOUSE

Mr. CHAFEE. Mr. President, we have learned that an extraordinary number of highly confidential FBI files were improperly obtained by the White House. I do not know what I find more appalling: the fact that the White House requested, received and kept the confidential files of more than 300 Reagan and Bush administration workers—that is appalling enough—but is that more appalling than the fact that the FBI turned them over to the White House these files without an apparent second thought?

This latest White House mishap, or snafu, or outrageous abuse of power raises serious questions about the White House, the FBI, the Secret Service, and the Department of Justice. I cannot help wondering if anyone is in charge.

I have no doubt that if this kind of misadventure occurred on the watch of a Republican President, it would create a tremendous furor. The irony is that it was discovered during an investigation into the Travel Office affair which also involved the admitted misuse of the FBI by the White House. It seems as though this White House views the FBI as its own personal private investigator. This is the kind of arrogant abuse of power that led to the fall of the Nixon White House. Mr. President, this is what Watergate was all about.

FBI files on individuals should be the most private and confidential of all documents. They are not compiled for political purposes, and they should never be used for political reasons. They certainly should not be easily provided to partisan political appointees.

What was actually in these files? They were summaries of comprehensive FBI files on Reagan and Bush Administration employees whose last names began with the letters A though G. They include James A. Baker, former White House Chief of Staff and Secretary of State in the Bush administration. They include another former chief of staff of the White House, Ken Duberstein; and the fired Travel Office Director Bill Dale.

These files contained summaries of interviews with neighbors, friends, coworker going way back to the high school years of those upon whom the files were complied. Some of those interviewed might be individuals with

an ax to grind. They can contain any bizarre allegation that such an individual may concoct. This is the type of information that the Clinton White House thought should be trusted to a low-level civilian detailed from the Army who answered to a partisan, political appointee.

This all come up because of the inability of the White House to admit that it fired Billy Dale to make room for the President's Arkansas cousin and his Hollywood friends. For months, the White House has refused to comply with the Clinger committee's subpoena of all documents related to the Travel Office firings. When Billy Dale cried foul upon learning that his FBI file had been turned over to the White House, the White House claimed it received his file as part of a routine investigation of employees. That was the original explanation. Suddenly the Billy Dale file shows up in the White House. How did it get there? As part of a routine investigation of an employee? Then the story changed. The White House tried to claim that it was not its request after all. The GAO had asked for the FBI files. ''No, no, no,'' said the GAO, ''not us!'' Suddenly the whole thing became an innocent mistake that involves trampling on the fundamental right to privacy of 330 loyal public servants.

I applaud Representative CLINGER, chairman of the House Committee on Government Reform and Oversight, for his commitment to untangling this web of misinformation, claims of executive privilege, and rationalizations. I believe that his matter is serious enough to warrant a full congressional investigation. Unfortunately, this White House has dodged the truth for too long.

I remember when an overzealous Bush supporter, Elizabeth Tamposi, who was an Assistant Secretary of State, decide to search the passport records of a young Governor from Arkansas, Bill Clinton. The press was outraged. Bill Clinton was outraged, but, most of all, President Bush was outraged. He fired Elizabeth Tamposi.

What have we heard from this administration about this latest scandal? Mark Fabiani, a White House attorney hired to answer questions about Whitewaster and the Travel Office matter, believing that the best defense is a good offense, said, ''Instead of attacking, CLINGER and Speaker GINGRICH should be apologizing.'' Now that is chutzpa if I ever heard it.

This is a serious matter Mr. President. We cannot have the FBI used as a private research agency for the White House. I think this matter needs immediate attention.

Mr. President, I yield the floor and again want to thank the Senator from Iowa for permitting me to go before him.

NOMINATION OF ALAN GREENSPAN, OF NEW YORK, TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the nomination of Alan Greenspan, to be Chairman of the Federal Reserve System. The clerk will report the nomination.

The bill clerk read the nomination of Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System for a term of 4 years.

The PRESIDING OFFICER (Mr. KEMPTHORNE). Under the previous order, time is equally divided under the control of Senator D'AMATO and Senator HARKIN. Senator HARKIN is recognized.

Mr. HARKIN. Mr. President, finally we have gotten to the nomination of Alan Greenspan to be Chairman of the Federal Reserve Board. I have been waiting for several months for this opportunity, to have the opportunity to debate not just the nomination but what this nomination means for the American people.

I am very pleased that we finally have a reasonable opportunity to debate this nomination, the nomination of the most important Presidential nomination to come before this Congress, the nomination of Alan Greenspan to serve as Chairman of the Federal Reserve System. I have been pushing for this debate for months, and I want to thank the Republican and Democratic leaders for scheduling this 3-day debate.

This debate about Chairman Greenspan's policies and their impact on our economy, about how we can get our economy to grow faster, about how we can create more jobs and raise incomes, zeros in on the most important issues that we face.

Before we get into substance, I want to be clear about one thing. This issue has never been about personalities. It is about policy. It is about making sure that this body gives thorough consideration to the nomination of the Chairman of the Federal Reserve System, the single most important economic decisionmaker in our land.

Over the course of today and tomorrow and next Thursday, I and others on our side hope to cover at least the following areas.

First, we want to talk about a policy of growth versus a policy of no growth that has been prevalent at the Fed for the last several years and that is prevalent today. We wish to talk about the record of Alan Greenspan. I will go into his record at some length. Why? Because he has been Chairman of the Fed now for two terms.

I think it is legitimate for us to ask: Has his stewardship, has his running of the Federal Reserve, been such that we, the Congress and the Senate, should reward him with another 4-year term? We would ask that of any person nominated by the President to fill an important position. We certainly should ask it of Alan Greenspan and look at his record.

Third, we hope to talk about the impact on our budget and what we do here over the next several years and the impact on our economy of decisions made by the Federal Reserve Board, especially the Open Market Committee.

Fourth, a recent GAO study that recently came out in preliminary form—the final version of that, I guess, will be out next Thursday—I believe raises substantial questions about how the Federal Reserve System is operating. Let us also be clear about another thing, Mr. President. The Federal Reserve Board is a creature of Congress.

Yes, it is independent, and I believe it should be independent, but it is not a separate branch of Government enshrined in the Constitution. It is not like the judiciary or like the executive branch or the legislative branch. It is, in whole, a creature of the U.S. Congress. As such, it must be responsive to the Congress, responsive to the American people through Congress. I believe it is our duty to examine closely the policies of the Federal Reserve and to suggest through the legislative process changes that we may wish to make in the Federal Reserve System.

I will be talking about one thing later, for example, the fact that the minutes of the Federal Open Market Committee are held secret for 5 years. Why 5 years? Maybe there is a legitimate reason to keep them withheld for a period of time, but certainly not 5 years. I think that needs to be reexamined. Maybe 1 year, but not 5 years. Having said that, I will say we have gone back in the minutes of 5 years, 8 years, and 10 years ago and looked at the minutes, that quite frankly revealed some pretty interesting comments by the nominee now before the Senate. We will be talking about that at some length later, also. Those are the items we wish to cover in this debate.

Again, I want to thank both the Republican and Democratic leaders for working this out. It is something that is going to take some time because this is a complex subject, but, I believe, a very important subject, one that really ought to command the attention not only of the Senate, but of the American people.

The real point, I believe here, Mr. President, is to start a national dialog and to deliberate and not simply rubberstamp this important nomination, as well as other nominations to the Federal Reserve. The Chairman is the single most important. Again, I think that is our duty and our obligation. Let me say I consider this debate that we begin today a victory for this body and a victory for the American people. So we did not just rubberstamp and put someone through of this importance without raising serious policy questions about the Federal Reserve and how it is operated.

Mr. President, raising the living standards and real wages of ordinary Americans stands as our primary economic challenge. The policy of the Federal Reserve under Chairman Greenspan has stood in the way. Under current law, the Federal Reserve is obligated to conduct a balanced monetary policy, so as to reconcile reasonable price stability with full employment and strong, stable, economic growth, and balance. But under the Greenspan Fed, job growth and the living standards of average Americans have been sacrificed in the blind pursuit of inflation control. The Greenspan Fed has raised interest rates not when inflation was knocking at the door or threatening, but when there was not even any specter of inflation.

In 1994, in the midst of six straight rate increases, Chairman Greenspan himself acknowledged there was no evidence of rising inflation. Mr. President, I raise a lot of eyebrows at a lot of meetings when I talk about the Fed and why I wanted to have this debate. When I tell people, Mr. President, in 1 year, from February 1994 to February 1995, that Alan Greenspan raised interest rates 100 percent, people look at me like I arrived from another planet. They say, ''That is impossible.'' It is true. Look at the record. The Federal funds rate went from 3 percent in February 1994 to 6 percent in 1995, a 100-percent increase in 1 year, with no inflation threatening. I will have more to say about that later. Since that time, it has only come down three-quarters of a point. Again, no inflation threatening. I believe that is leading this country to an economy where we see more and more millionaires every month, but average working families are stuck in a rut. They are working harder, spouses are working, and yet they are not getting ahead. I will have more data on that as we go through the debate in terms of what wage increases have been in the last few months, several months, last couple of years, what prices have done, to show the average working family is not only not getting ahead, they are falling behind in this great economy. Our stores are chock full of goods, and yet for some reason, the American family is not getting ahead.

One of the reasons they are not getting ahead is because their debt load is too great. We hear a lot of talk around here about cutting taxes, because the American people feel they are overburdened with taxes. They do and they are. I submit there is another burden that they are carrying that is weighing them down, and that is the burden of debt and the high interest rates that they are paying. There is no reason for those high interest rates now. Again, I intend to go into this in great depth over the next few days. Mr. President, 100-percent increase in interest rates in 1 year, and they are still there.

Mr. President, the decisions of a Fed Chairman touch every pocketbook and every family budget in America. The decisions of this Chairman have cost American families in lost wages and lost opportunities. The Greenspan Fed has stifled economic growth and the incomes of average Americans. Interest rates have been kept artificially high, and middle-class families and businesses have been forced to pay the price. It is time for the Federal Reserve to pursue a more balanced policy based on raising economic growth and increasing jobs alongside continued vigilance against inflation.

America at this point in our history ought to have a forward-looking Fed Chairman who recognizes the importance of expanding opportunities for our economy and our people in today's global market. We do not live in the 1970's. We have changed considerably since that time. We need strong leadership, committed to higher growth and incomes, fuller employment, and lower, more stable interest rates to improve the quality of life for average Americans. We have not gotten that with Alan Greenspan. There is what I call a common thread, Mr. President, in the thinking and the actions, and the policies of Mr. Greenspan over the years. It did not start yesterday. It will not end tomorrow or next week.

Ripe from his days as Chairman of the Counsel of Economic Advisers under President Ford, until today, Mr. Greenspan has consistently shown the same two tendencies, as evidenced by the public record. First, he often misjudges the signs of an oncoming recession. Second, he does not act decisively enough to pull the economy out of recession because of an inordinate fear of inflation.

Again, I will discuss both of these issues in greater detail throughout my remarks. Let me ask unanimous consent to have printed in the RECORD at this point, Mr. President, a guest editorial that was in the Investor's Business Daily, May 1, 1996. It is headlined ''Greenspan's Rotten Record,'' by Mr. Don Hays. I do not know Mr. Hays.

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

[From the Investor's Business Daily, May 1, 1996]

GREENSPAN'S ROTTEN RECORD

(By Don Hays)

We may have an exciting new contrary indicator: Alan Greenspan's predictions. Our search of the record has never found him to be right about what the economy, inflation or interest rates were going to do.

We could go back further, but let's begin with a much-noted 1981 speech. As a private and well-connected economist, Greenspan declared that inflation would not decline anytime soon. Whoops—inflation was about to drop from 12% a year down to 4%.

In 1982, he wrote a letter of commendation for Charles Keating. He also made an impassioned plea to Congress, asking for more freedom for the savings and loan industry. Years later, the S&Ls went bust at great cost to the taxpayers. Keating wound up in jail.

The same year, Greenspan's published economic forecast said bond yields would fall ¼% from the previous year-end level. In fact, they fell 3½%.

But the drop in inflation was only temporary, he argued in May 1983. The extraordinary Volcker-induced inflation calm, he insisted, was about to end. In fact, inflation stayed quite steady at 4% through 1987 and the end of the Volcker regime.

Also in 1983, Greenspan said long-term interest rates would increase 20 basis points. This proved to be his best forecast ever: Rates did rise—but by 1%, not the meager 0.2% he predicted.

At the start of 1984, he forecast that for the next three years, bond yields would rise from 5 to 55 basis points. They actually dropped each year, from 123 to 199 basis points.

Perhaps because he spent more time schmoozing the halls of the White House and Congress than he did in his office, in 1987 Greenspan was chosen to be chairman of the Federal Reserve Board. He promptly got in a contest with the Bundesbank to see who could raise interest rates faster, and also squabbled flagrantly with Treasury Secretary James Baker. Some would argue that the conditions fostered by these conflicts ultimately let to the October 1987 stock market crash.

Greenspan answered the crash with a flood of monetary easing. But by mid-88, he was right back to the battle, raising the fed funds level from 6% to 9⅜% by mid 1980.

He seemed to think this famine-feast-famine was just the thing for the economy. In February 1990, he told Congress the economic weakness had stopped. In fact, it continued to weaken, and a recession began in August.

On top of his chaotic monetary reversals, he launched a regulatory war. In 1990–91, he bought the claim that banks held too many real estate loans. In concert with Treasury, he sent swat teams of auditors through the banking system, totally wrecking banks sentiment to loan.

As a result, when Greenspan tried to drive the economy away from the ditch he had steered it into in 1992 and 1993, he found the vehicle extremely sluggish, unresponsive to the lower fed funds rate. He had to ratchet them down until he'd achieved the steepest yield curve in history. With short-term rates at 3% and the long bond up close to 8%, Orange County and many corporations and hedge funds leveraged their bond positions to the hilt.

Let's jump ahead to a more recent example. In 1995, a sales slump moved auto dealers to offer the biggest rebates in history to tempt consumers. In September, Greenspan saw the temporary hike in auto sales in his rear-view mirror—and declared that his monetary policy and the economy were right on track. So he refused to lower interest rates. That Christmas was the weakest in at least four years. Judging by the bellwether Wal-Mart earnings, it could be argued that it was the weakest in 25 years.

Greenspan's rear-view mirror finally cleared up in late December, with the economy about to drive once again into the ditch. He reversed course, cutting interest rates by ¼% in December and again in January.

It looks like we can go in a direction always opposite to Greenspan's current message and look like an economic genius.

So why did Republicans leave President Clinton no choice but to reappoint Greenspan? Maybe they thought Clinton should have to suffer the same election-year treatment the Fed chief had dished out to GOP presidents. More likely, they are just more proof of his amazing ability to mesmerize the herd—despite a record that has virtually never been right.

Mr. HARKIN. I wanted to read a few of the lines from this editorial.

We may have an exciting new contrary indicator: Alan Greenspan's predictions. Our

search of the record has never found him to be right about what the economy, inflation or interest rates were going to do.

We could go back further back, but let's begin with a much noted-1981 speech. As a private and well-connected economist, Greenspan declared that inflation would not decline any time soon. Whoops, inflation was about to drop from 12 percent a year down to 4 percent.

In 1982 he wrote a letter of commendation for Charles Keating. He also made an impassioned plea to Congress, asking for more freedom for the savings and loan industry. Years later, the S&L's went bust at great cost to the taxpayers. Keating wound up in jail.

The same year, Mr. Greenspan's published economic forecasts said bond yields would fall one-quarter of a percent from the previous year-end level. In fact, they fell 3½ percent.

But the drop in inflation was only temporary, he argued in May of 1983. The extraordinary Volcker-induced inflation calm, he insisted, was about to end. In fact, inflation stayed quite steady at 4 percent through 1987 and the end of the Volcker regime.

Also in 1983, Mr. Greenspan said long-term interest rates would increase 20 basis points. This proved to be his best forecast ever: Rates did rise—but by 1 percent, not the meager .2 percent that he predicted.

At the start of 1984, he forecast that for the next 3 years bond yields would rise from 5 to 55 basis points.

Listen to this. At the start of 1984, he forecast that for the next 3 years bond yields would rise from 5 to 55 basis points. They actually dropped each year from 123 to 199 basis points.

Well, the article goes on. I will have more to say about this article. I do not know the author of the article, but he correctly, I think, captured the record of Mr. Greenspan.

Again, I want to talk about this because the bottom line is that Chairman Greenspan has this long history of focusing solely on inflation to such an extent that all focus on expanding our economy has been lost.

So what do we have today? We have a mindset at the Fed that 2-percent growth is acceptable—2 percent—that the economy cannot grow any faster; maybe 2.5, but that is getting close to the limits, but that we cannot have the 3-percent growth of the 1970's or the 4 percent growth of the 1960's. That is the mindset at the Fed.

Mr. President, I believe we ought to do more to promote stronger economic growth, and at the very least we should not put our economy in a harness when there is such a tremendous potential for growth in America today. Saying that America can grow at 2 or 2.5 percent is like saying that we are going to accept a C average when we know we can do a B-plus or an A. I would not let my kids get by with that, and neither would you, and neither would anyone else. We should not let America get harnessed in these shackles when all of the indications are out there that, with a better monetary policy at the Fed, our manufacturing sector will expand, we will get new plant and new equipment, we will have some wage growth for average working families that will not be inflationary, and our farmers will be able to have a better deal, because they borrow a lot of money, and especially our small main street businesses. They are the ones in our main streets of our small towns that have to borrow money at higher rates of interest. They need a break, too. It is small businesses that employ most of the people, the ones that are getting the new jobs out there. They should not be shackled by this low-growth mentality that we see evidenced by the Chairman of the Fed.

I urged President Clinton to appoint someone with a greater orientation toward economic growth, someone with a greater concern for the need to increase the incomes of average Americans, and someone who would strive toward keeping the unemployment low.

There is a constant flow of articles written about relatively minor changes in tax policy or in the amount of spending for a number of relatively trivial Federal programs. Yet, the questions of our monetary policy and what we do about the supply of money and interest rates are just not being written about or discussed. That is one of the reasons I took the position which I did when this nomination came to the Senate back in March—that we needed articles written about him, that we needed voices heard around the country to start talking about the monetary policy of the Fed, to bring it out of the shadows and into the sunlight. We have seen more and more articles and more and more economists speaking out and business people speaking out saying that we ought to have a better growth policy at the Fed.

Because of the huge deficits run up in the 1980's to the present, fiscal policy changes in the amount of Government spending and taxes have become pretty ineffective in our efforts to stimulate the economy during poor economic times. We cannot afford to increase the deficit even when we are entering a recession. One of the reasons, I feel, for reaching a balanced budget and then to perhaps run a small surplus is so that we can restore this capability—this capability of the Federal Government to be able to respond to recessions in a meaningful manner. So with such a huge deficit and high debt load, we cannot do that. We need to get to that balanced budget and reduce the debt load of the United States so that we can begin to invest more in our infrastructure. I do not mean just our physical infrastructure; I mean our human infrastructure such as education.

This dependence that we have today on monetary policy and the extent that we have any control over it whatsoever is set by the Federal Reserve System. There is little doubt that the Chairman of the Federal Reserve and the policies he espouses are crucial to our economy.

What will be the balance between our concerns for inflation and our concern about economic growth and unemployment? Rising interest rates mean a tremendous downward pressure causing the economy to slow. Higher interest rates mean higher costs of doing business, or running a farm. It means smaller profits. It means buying a home or a car is more difficult for working families. If you have an adjustable rate mortgage, as more and more people do these days, it means a bigger chunk of money will be going to the mortgage and less money will be available to your family for other needs like education. It also means we have rising interest rates; high interest rates. It means more unemployed people and the social unrest and harm that this causes.

When we talk about family values, few things are as destructive to a family as unemployment. It strains marriages, causes divorces, and our children suffer. This stricture on our monetary policy also means fewer pay increases and a lower standard of living even for those who do not lose their jobs. People ask a lot of times, and I read articles, about why in America today with our seemingly wonderful economy that the stores are full of goods, and prices in most cases are pretty decent, why is it that there seems to be this unrest among the American people? Mr. President, it was there in 1992. It was there in 1994, and it is still there in 1996. It can all be summed up by saying that the average working families are stagnant in their incomes. Their wages are not increasing as fast as prices. They are incurring more and more of a debt load and paying higher and higher interest rates for the money they borrow. I believe this is leading to great social unrest and will continue to lead to great social unrest unless we have a change in monetary policy at the Fed.

Federal Reserve policy has a considerable impact on the health of the economy, the level of unemployment, and the ability of average Americans to improve their incomes.

So I am happy to say that I have seen some increase in the number of substantive articles in this area over the past few months. I believe that is one of the benefits of the delay that we have had. I hope that we see more articles in the future.

Mr. President, Mr. Greenspan has had a long history in key economic positions; as chairman of the Council of Economic Advisers under President Ford, and as Chairman of the Federal Reserve since 1987. He is a known quantity. He is, I believe, proud of his reputation as a so-called inflation hawk. By that I mean he consistently emphasizes the need to fight inflation. Unfortunately, his policies seem cold to the needs of families to see a little more income come in and to not lose their job. I am not saying he does not care. I am just saying that his orientation toward fighting inflation is, in my view, almost obsessive. It seems to blind him to the need to react to signs of recession or to the societal inequities that his policies lead to.

Mr. President, the current law of the land is that the Federal Reserve is to

balance concerns about inflation on the one side and full employment and production on the other. These goals are in law, placed in law by the Full Employment and Balanced Growth Act of 1978. It is still the law of the land.

Prior to the 1978 act, I understand there was no specific mention of inflation in the law at all. It was not in the Employment Act of 1946 or laws prior to that, going all the way to the founding law of the Federal Reserve in 1913.

Now Mr. Greenspan wants to overturn that balance. He actually supports the concept of eliminating the requirement that the Federal Reserve consider the need for full employment and production. He wants to focus solely on the goal of very low inflation. That is not a balanced policy, in my view, and I think we need, at this point in our history, a Federal Reserve Chairman with more balance.

Mr. President, I now want to get back to looking at the results of some of Mr. Greenspan's policies at the Federal Reserve and what have been the results of his policies during his tenure at the Federal Reserve System. I have a series of charts and some other things I would like to refer to here at this point in time.

Let us take a look, first, at this chart. This is, ''Economic Performance Under Greenspan.'' We have compared the years 1959 through 1987, in aggregate, versus his tenure at the Fed from 1987 to the present. We have different indices here. We have: GDP, real GDP, income per capita, payroll jobs, and productivity. The green bar represents the pre-Greenspan years. The orange bar depicts the Greenspan years.

Let us look at real GDP. During the years, cumulative years—and there were some that were pretty bad in there, too. There were some good and some bad. But during the years prior to Mr. Greenspan, real GDP averaged 3.4 percent per year. That is from 1959. The only reason we picked 1959 is because we changed the way we calculate the GDP. Those figures only go back to 1959. GDP averaged 3.4 percent. Under Mr. Greenspan, it has only averaged 2.2 percent growth, in real GDP.

Let us look at per capita income. The average prior to Mr. Greenspan's tenure, 2.5 percent growth in per capita income; under Mr. Greenspan, 1.2 percent average growth in per capita income.

Let us look at payroll jobs, growth of jobs, new jobs. Prior to Mr. Greenspan, an annual average of 2.4 percent growth in new jobs; with Mr. Greenspan, 1.7 percent growth in real jobs.

But this is one of the most telling of all, and that is the last bar on this graph. It has to do with productivity. Productivity prior to Mr. Greenspan averaged 2.3 percent. Under him, it has averaged 1.1 percent. That is crucial. It is through productivity growth that we get our ability to increase incomes of people with little inflation risk.

I suppose there are some who say there are other reasons for this. That may be true that there are other factors that influence this, but I believe that in each one of these, the key, let us say the one domino that you push that knocks over all the rest, is the actions taken by the Federal Reserve in each one of these areas, because it has to do with the monetary policy and what our monetary policy is.

I would like to turn to another chart, which was in an article written by Rosanne Cahn. I will read parts of that article. This article was in a publication, issued by CS First Boston. This is an economic treatise put out by CS First Boston, May 31, 1996, by Ms. Rosanne Cahn. Again, I do not know Ms. Cahn. Let me read some of this before I turn to the chart, because it will tell you what this chart shows. Ms. Kahn writes, in the May 31, 1996, CS First Boston report on the economy, ''Grow Is Not a Four-Letter Word.''

The Federal Reserve acts like it's wrong for the economy to grow at a reasonable rate. The bond market, conditioned by a stern parent, deteriorates so rapidly in response to strong growth that it may not even be necessary for the Fed to raise short-term rates anymore. Like a child catching itself in a naughty deed, it punishes itself by sitting in the corner in advance of a parent's reprimand.

Between 1950 and 1989, U.S. annual growth averaged 3.6 percent, with one-third of the years above 4 percent. The 1990's, at a 1.8 percent average annual rate, have been the slowest 6-year period since 1950.

We wonder why there is unrest around America?

The immediate post-war recession and the beginning of the Great Depression were the only 6-year periods with worse records since 1929. The rate that rocked the bond market this year was first published at 2.8 percent. . . .

That was first quarter. I remember when it came out, oh, my gosh, a huge surge in growth, 2.8 percent. Later on we found out that it had to be revised down to 2.3 percent. Ms. Cahn asked, ''Can't we grow faster without jacking up bond yields by a percentage point?'' These are not this Senator's words. These are words written by Rosanne Cahn in this article.

Chairman Alan Greenspan's record on growth is the worst of all post-war Fed Chairmen, with no meaningful progress on inflation.

Maybe, Mr. Greenspan argued, we have not had growth because we have had great progress on inflation. Well, that is not so. As shown, growth during his leadership has been, as I pointed out on the earlier chart, a paltry 2.2 percent—right down here, real GDP growth, 2.2 percent, with inflation in the year before he took over at 4.1 percent and inflation averaging 3.2 percent.

Paul Volcker, right before him, real GDP growth, 2.5 percent, kind of paltry but a little bit better than Greenspan's. But look what Mr. Volcker did with inflation. You can say, ''Yeah, he didn't have much growth,'' but look at inflation. The year before he came in, inflation was 13.2 percent. He brought it down to 6.2 percent during his term. He cut it in half.

If you go back through, you can see the same thing. What has happened is in each of these cases—then you see here the real higher GDP growth rates during the other terms—what happened is that Mr. Greenspan really has not cut inflation by that much, but he has stifled the economy with low growth.

So, if we are going to be suffering with low growth, well, inflation 4.1, we should probably be down to zero inflation. We are not. So, again, we are suffering low growth without any real attack on inflation and no real headway made there at all.

Ms. Cahn goes on to say:

Some would assert that the U.S. economy's rate of expansion is constrained by its maturity. That argument has been made throughout history.

I particularly like this part.

For example, after the invention of the wheel, cavepeople presumably thought that there was nothing more they needed. Today, penetration of cellular phones and home computers is low, so buying them should keep consumers busy until the next new products/services are invented.

By some measure, there's not much wrong with the U.S. economy. For example, full employment has been achieved according to some experts. Why quibble over one percent? Anyone who is willing to give up a percentage point per year of income growth for the next six years can stop reading now. Multiply that by 100 million households and it adds up to real money.

Other wonderful things happen with a strong economy. The Federal budget deficit shrinks . . . For example, if growth were 1 percentage point per year faster for the next 6 years, that would reduce the deficit by $120 billion, according to Congressional Budget Office (CBO) estimates, or bring it close to balance.

Households' debt problems evaporate if incomes grow without new debt being added. Income distribution disparities might or might not narrow, depending on structural factors behind the higher growth. However, the poor would certainly become less poor as the economy expanded rapidly.

So what is the problem? Why not go for growth?

Ms. Cahn goes on to say:

Prices are determined by the intersection of supply and demand. As demand gets closer to supply, inflation heats up. Inflation is bad because it allegedly causes distortions in the economy, and eventually accelerates enough to destabilize the economy. Most problems caused by inflation are infeasible to quantify; many are subtle or hidden. Therefore, no one has taken a stab at measuring the costs of inflation. However, adults who lived through the 1970s and early-1980s recognize double-digit inflation imposes serious burdens on the U.S. economy.

Without quantifying the cost of inflation, it is impossible to determine the rational policy choice between inflation and growth.

Besides, no one knows what number to put on full resource utilization, though many will argue vigorously for or against a specific one. In 1993 most analysts contend that NAIRU (non-accelerating inflation rate of unemployment) was above 6 percent; now some say 6 percent and many say 5½ percent. In mid-1960s, debate focused on 5 percent, 4½ percent and 4 percent.

The policy dilemma is compounded by the long lag between when the economy reaches full employment and when wage inflation picks up.

Under such uncertainty, what is a wise monetary policymaker to do? We'll never know, because the Feds' anti-inflationary fervor is more religious than intellectual.

Even if the above difficulties are serious, perhaps there is a more favorable inflation/employment trade-off than the Fed will allow, without taking too much risk in the area of uncertainty.

I think what Ms. Cahn basically has said here is that you have to have a balance, you have to have a balance between caution on inflation and making sure that we have adequate growth, and to just have this almost religious fervor against inflation can send us into a tailspin in terms of real GDP growth per capita income and the well-being of working Americans.

Mr. President, I want to talk just a minute more about NAIRU, the non-accelerating inflation rate of unemployment, and what that means. A lot of people say, ''Well, we can't have lower unemployment because that will push wages up and that will cause inflation.'' Maybe that might have been true in the sixties, and it may have been true in the seventies, but we live in a different global economy today that a lesser unemployment rate and concurrently some wage increases for hard-working Americans can be offset.

We are in a global market. If they push too high, obviously businesses will tend to take their jobs offshore. Likewise, if the price of goods gets too high because the supply and demand is getting too close, well, then, because of the global economy, more goods can come in from overseas. So we do not have the kind of economic mix that we had in the sixties and seventies.

I might add one other thing. We did not have in those years either the kind of mass marketing and mass wholesaling that we have today, like the Wal-Mart syndrome that we have in America today. That, too, acts as a buffer, as a damper on the push on inflation if, in fact, supply and demand gets too close.

I now want to turn to a couple of articles by Mr. Felix Rohatyn. The first appeared in Time magazine in May, May 20, 1996. Mr. Rohatyn is a well-respected investment banker, perhaps the best kind of an economist, not one who lives in an ivory tower but one who is out there in the real world and has been very successful in what he does.

I first met Mr. Rohatyn over 20 years ago. Actually it has been 21 years ago, I think, when I was a Member of the House of Representatives. I represented a very rural district in Iowa, and that was about the time when New York City needed some help from the Federal Government in order to avoid defaulting in its financial obligations. I did not have much interest in that. In fact, I was predisposed to vote against the so-called bailout of New York City.

Then Mr. Rohatyn—I do not know what his position was at the time—came down to speak to us on behalf of the city government of New York City at the time. For a very then-young freshman Member of the House of Representatives who was very much predisposed to vote against a bailout of New York City, I listened with great attention to what Mr. Rohatyn had to say about New York, why it was in the position it was in, how it was going to get out, why it was in the best interest of our country to pass the New York City bailout bill and how New York would pay back every dime on the dollar and how it would lead to greater growth in the future for that city.

I voted for the New York City bailout. It probably was not the smartest thing for a Congressman from a rural district in Iowa to do, but I did, and I defended it.

It turns out he was right and we were right to do what we did at that time. So I have had a great deal of respect for Mr. Rohatyn over all those years, because I felt he had a commonsense, hands-on judgment of really what was happening in the marketplace. I believe he understands economics very well, but he understands it both in the theoretical aspect and in the actual aspect.

The one thing I have always admired about Mr. Rohatyn is that he has always believed that America can do better, that we can grow better and not be just obsessed with the fear of inflation.

Anyway on May 20, in Time magazine Mr. Rohatyn wrote the following—I will not read it all, but I think there are some passages in here I want to read for the RECORD. The title is ''Fear of Inflation Is Stifling the Nation. An outdated obsession is depriving us of greater wealth.''

Mr. Rohatyn writes, on May 20, not even a month ago—

As recently as March, most observers were concerned that the economy might be headed for recession. Many expected the Federal Reserve to lower interest rates. Suddenly the great concern is that the economy may be growing too fast. Earlier this month, the Commerce Department reported that the economy grew at a rate of 2.8% during the first quarter of the year. The bond and stock markets treated this very good news as if it were an unwelcome visitor, and declined sharply. Fickle behavior in financial markets is nothing new, but this latest episode illustrates a deeper problem.

It has become an article of faith among policymakers and on Wall Street that if the economy grows at an annual rate above 2% or 2½%, inflation will rise, perhaps uncontrollably. As illustrated by recent events, such conventional wisdom has become almost a self-fulfilling limitation. When growth rises above this level, investors, spooked by a belief that the Federal Reserve will soon be ''forced'' to raise short-term interest rates in order to prevent an outbreak of inflation, rush to sell bonds. This pushes long-term interest rates up. The result is that prospects for future growth are dampened.

And he points out parenthetically—''(And should the Fed do nothing, bondholders sell because they fear the central bank is no longer vigilant against inflation.)''

The irony is that these economic statistics, which so frightened the markets, actually tell us that higher growth is possible without inflation. The real rate of inflation for the first quarter was 2.1%, with no sign of any upward pressure; actual growth was understated because of the General Motors strike and the winter blizzard. And remember, inflation statistics are generally believed to be overstated at least 0.5%.

So perhaps the real rate of inflation was not 2.1 percent. It could have been closer to about 1.5 or 1.6 percent.

What the first-quarter results make clearer is that the economy can grow more than 3% while holding real inflation below 2%. The same can be said about unemployment. The latest unemployment figures came in at 5.4%; that's well below the 6% unemployment figure that is supposed to trigger inflation through demands for higher wages, according to the standard view.

That is the NAIRU view.

. . . This view fails to take into account the forces of global competition. American workers no longer compete for jobs only with one another, but with workers worldwide, and that tends to dampen wage demands at home. Wage inflation is not a real threat, but we keep treating it as such.

Sure, one quarter isn't a trend, but there is nothing in these numbers to provoke fear of inflation; on the contrary, they should have been the basis for satisfaction and the determination to do better.

I guess that is what I like about Mr. Rohatyn. He believes we can do better, that a C average is not good enough for America.

The conventional wisdom, however, is so embedded in the financial community that the National Economic Council chairman, Laura D'Andrea Tyson, felt understandably compelled to reassure the markets by announcing that the Administration's growth forecast for the year was unchanged from its original 2.2%. It should not be necessary to tell Wall Street that the economy isn't as good as it looks.

Perhaps this is an argument I have with the Clinton administration. If they are accepting a 2.2-percent growth forecast, and if that is acceptable to the Clinton administration, all I can say is it is unacceptable to me, and it ought to be unacceptable to this country. We need a higher growth rate than that.

Mr. Rohatyn goes on to say:

There was a time when 2.8% would have been considered a modest rate of growth; today it is considered dangerously robust. The sad reality is that it is still below our real needs. Many corporate leaders don't agree with this notion of dragging the anchor just as soon as the economy has the wind behind it. They understand how we can sustain high growth based on the muscular productivity improvements they are generating in their own businesses. In today's environment of rapid technological innovation and international integration, we should be willing to be bolder, both in fiscal and monetary policy.

Our excessive fear of inflation has a huge price: stagnating wages for the vast majority of American workers, the decline of our cities and the deepening of our social and economic ills. Although there is no single answer to these problems, increasing wealth and incomes hardly seems like a bad way to start. As President Kennedy said, ''A rising tide lifts all boats.'' The difference between then and now is that the tide is not rising as fast—and it certainly is not raising all boats equally. Without more growth we are simply

setting the stage for a battle over the same pie.

We need higher growth if we are to balance the budget without unacceptable cuts to social programs, or without letting our infrastructure crumble. Only a growing economy lets us generate the revenues needed by the public sector while reducing the tax burden on the private sector.

The Clinton Administration is entitled to a great deal of credit for cutting the federal deficit in half, while putting the economy on a path of stable, moderate growth. But it's time for Administration and congressional leaders to take advantage of the current momentum to reach for a higher level. It's also time for Wall Street and the Federal Reserve to stop kicking up interest rates reflexively every time the economy shows signs of momentum. The notion that we must choose between growth and inflation is a false choice. Global competition as well as new technologies has set new parameters on every aspect of the economy. A 3%-to-3½% growth rate is not only an achievable national objective; it is an economic and social necessity.

Mr. President, I ask unanimous consent that that article be printed in its entirety in the RECORD.

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

[From Time Magazine, May 20, 1996]

(By Felix G. Rohatyn)

FEAR OF INFLATION IS STIFLING THE NATION—AN OUTDATED OBSESSION IS DEPRIVING US OF GREATER WEALTH

As recently as March, most observers were concerned that the economy might be headed for recession. Many expected the Federal Reserve to lower interest rates. Suddenly the great concern is that the economy may be growing too fast. Earlier this month, the Commerce Department reported that the economy grew at a rate of 2.8% during the first quarter of the year. The bond and stock markets treated this very good news as if it were an unwelcome visitor, and declined sharply. Fickle behavior in financial markets is nothing new, but this latest episode illustrates a deeper problem.

It has become an article of faith among policymakers and on Wall Street that if the economy grows at an annual rate above 2% or 2½%, inflation will rise, perhaps uncontrollably. As illustrated by recent events, such conventional wisdom has become almost a self-fulfilling limitation. When growth rises above this level, investors, spooked by a belief that the Federal Reserve will soon be ''forced'' to raise short-term interest rates in order to prevent an outbreak of inflation, rush to sell bonds. This pushes long-term interest rates up. The result is that prospects for future growth are dampened. (And should the Fed do nothing, bondholders sell because they fear the central bank is no longer vigilant against inflation.)

The irony is that these economic statistics, which so frightened the markets, actually tell us that higher growth is possible without inflation. The real rate of inflation for the first quarter was 2.1%, with no sign of any upward pressure; actual growth was understated because of the General Motors strike and the winter blizzard. And remember, inflation statistics are generally believed to be overstated at least 0.5%.

What the first-quarter results make clearer is that the economy can grow more than 3% while holding real inflation below 2%. The same can be said about unemployment. The latest unemployment figures came in at 5.4%; that's well below the 6% unemployment figure that is supposed to trigger inflation through demands for higher wages, according to the standard view. This view fails to take into account the forces of global competition. American workers no longer compete for jobs only with one another, but with workers worldwide, and that tends to dampen wage demands at home. Wage inflation is not a real threat, but we keep treating it as such.

Sure, one quarter isn't a trend, but there is nothing in these numbers to provoke fear of inflation; on the contrary, they should have been the basis for satisfaction and the determination to do better. The conventional wisdom, however, is so embedded in the financial community that the National Economic Council chairman, Laura D'Andrea Tyson, felt understandably compelled to reassure the markets by announcing that the Administration's growth forecast for the year was unchanged from its original 2.2%. It should not be necessary to tell Wall Street that the economy isn't as good as it looks.

There was a time when 2.8% would have been considered a modest rate of growth; today it is considered dangerously robust. The sad reality is that it is still below our real needs. Many corporate leaders don't agree with this notion of dragging the anchor just as soon as the economy has the wind behind it. They understand how we can sustain high growth based on the muscular productivity improvements they are generating in their own businesses. In today's environment of rapid technological innovation and international integration, we should be willing to be bolder, both in fiscal and monetary policy.

Our excessive fear of inflation has a huge price: stagnating wages for the vast majority of American workers, the decline of our cities and the deepening of our social and economic ills. Although there is no single answer to these problems, increasing wealth and incomes hardly seems like a bad way to start. As President Kennedy said, ''A rising tide lifts all boats.'' The difference between then and now is that the tide is not rising as fast—and it certainly is not raising all boats equally. Without more growth we are simply setting the stage for a battle over the same pie.

We need higher growth if we are to balance the budget without unacceptable cuts to social programs, or without letting our infrastructure crumble. Only a growing economy lets us generate the revenues needed by the public sector while reducing the tax burden on the private sector.

The Clinton Administration is entitled to a great deal of credit for cutting the federal deficit in half, while putting the economy on a path of stable, moderate growth. But it's time for Administration and congressional leaders to take advantage of the current momentum to reach for a higher level. It's also time for Wall Street and the Federal Reserve to stop kicking up interest rates reflexively every time the economy shows signs of momentum. The notion that we must choose between growth and inflation is a false choice. Global competition as well as new technologies has set new parameters on every aspect of the economy. A 3%-to-3½% growth rate is not only an achievable national objective; it is an economic and social necessity.

Mr. HARKIN. There was another article by Mr. Rohatyn. This one was in the Wall Street Journal, last December. In this article he talks about the growth assumptions that we have made and the affect it has on policy. I just want to read a couple of parts of it. I will not read the whole article, but I ask unanimous consent that it be printed in the RECORD.

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

[From the Asian Wall Street Journal, Dec. 7, 1995]

CUT AND BE PROSPEROUS

(By Felix G. Rohatyn)

The current budget debate in the U.S. between the Clinton administration and Congress has an air of unreality about it. First, the debate is dominated by economic numbers to which all sides cling with theological devotion, despite the lack of any evidence that they correspond to events in the real world. Second, the debate focuses on only one part of the budget-balancing equation—controlling expenditures. Nobody is talking about growing revenues by growing the economy, yet this is certainly more important than any other part of the budget equation.

Start with the numbers. Both the President and Congress have signed off on a seven-year goal to balance the budget. But there is nothing magical about the number seven. Whether the budget is balanced in seven years or six or eight has no economic, financial or intellectual relevance; the financial markets will react no differently if, ultimately, there is an eight-year or even nine-year agreement. What is critical to the markets is the certainty of the outcome. In the present seven-year plan there is no certainty whatsoever; the only certainty is that things will undoubtedly turn out differently than the budget forecast.

That's because the economic assumptions made by both sides are faulty. The Congressional Budget Office forecast is for 2.3% annual growth for the seven-year period; the administration's is for 2.5% annual growth. Both forecasts are undoubtedly wrong. That is not their greatest sin, however, because all forecasts are wrong, especially when they go beyond next year. Their greatest sin is to accept, and implicitly condemn, the U.S. to our present growth rate. Despite Wall Street's love affair with slow growth, the vast majority of the business community believes this to be far short of the economy's real capacity for noninflationary growth, as well as being inadequate to meet the nation's private and public investment needs.

What's pushing us toward accepting lower growth? Part of the problem is faulty economic measurements. Both Federal Reserve Chairman Alan Greenspan and a distinguished panel of economists have said that U.S. actual inflation rate may be more than 50% below the official measurement of the consumer price index. This means inflation may be a less immediate danger. Furthermore, the Bureau of Labor Statistics has decided that the methodology of growth rate measurements is faulty and needs to be revised downward. Once this is adjusted, it may ease fears that we're growing ''too fast.''

Another factor pushing the U.S. toward lower growth is its foreign trade partners. In Western Europe, the goal of a single European currency, requiring lower budget deficits and lower debt, is given priority over growth and employment in every country except Britian. Both Germany and France, with inflation rates around 2% and unemployment rates of 9% and 12% respectively, are running deflationary policies of high interest rates together with budgetary contraction. Japan is effectively in a no-growth, asset-deflation mode.

I would be a tragic mistake for the U.S. to join the rest of the developed world in a set of economic policies combining low growth, high real interest rates and fiscal contraction—the prescription seemingly favored by both Congress and the White House. The net result of these policies will not be balanced budgets but higher deficits and serious social strains, because they will lead to less growth and hence lower government revenues.

Every major American social and economic problem requires stronger economic growth for its solution. This includes improvements in public education as well as increasing private capital investment and savings; balancing the budget and maintaining a social safety net; improving the economic conditions in the big cities and reducing racial tensions as a result. The economic and social pressures of global capitalism can be offset only by higher rates of economic growth. Even when global competition was less severe and social problems less daunting, the U.S. did not generate sufficient jobs and government revenues at less than 3% to 3½% annual growth in gross domestic product.

There is only one explanation for the U.S. government's reluctance to adopt a higher growth objective: The inordinate fear of inflation resulting from higher growth. The view that the economy's capacity for noninflationary growth in limited to 2½% is strongly supported by the financial community, the Treasury and the Federal Reserve, all rightly anxious to protect the securities and currency markets. But business leaders strongly believe that we can achieve higher growth with little risk of higher inflation. The latest economic statistics seem to confirm this: The last quarter saw 4.2% growth and less than 2% inflation. It is totally appropriate to fight inflation; it is counterproductive to limit economic growth unnecessarily.

It is obviously not possible, overnight, to try to raise the growth rate without raising the fear of renewed inflation; global capital markets are very nervous, and maintaining a strong dollar is fundamental to U.S. prosperity. But a number of policy changes should be considered—but aren't at the moment.

First, the U.S.'s European and Japanese partners should be persuaded to set a parallel course and coordinate lower interest rates while promoting domestic growth policies of their own. At home, the U.S. should consider tax reform to promote investment and savings. It should make appropriate increases in public investment, even as it reduces the cost of social programs and defense spending. It should make improvements in public education an integral component of a strategy of higher growth and higher productivity. Hard money, higher rates of growth, low interest rates and low inflation should be the economic platform.

There will be obviously be vigorous differences between Republicans and the administration about the tax and spending policies needed to achieve these goals. However, since there is no real argument any more about the goal of a balanced budget let us, at least, agree that balance must be achieved by higher growth and retrenchment. There is an excellent precedent for this strategy: New York City's experience in 1975, when it teetered on the edge of bankruptcy. How did the city balance its budget in five years and regain access to the credit markets? Through a combination of rapid and sustained economic growth, on the one hand, and, on the other, year-by-year compliance with tough budget targets enforced by an Emergency Financial Control Board.

At the federal level, no new agency is needed—but a new mechanism is required to keep the budget plan on track year to year: First, the Congressional Budget Office would determine the actual deficit, as opposed to the projected one. Second, the President and the congressional leadership would agree on measures to resolve differences between the predicted deficit and the real one; this could include additional spending cuts or new taxes, or a combination of the two. This agreement would be subject to ratification by Congress. Third, if no agreements was reached, automatic across-the-board cuts in the budget (interest payments on the debt alone would be exempt) would come into effect to comply with the forecast. Of course, provisions would have to be made to defer cuts in case of a serious recession or a national emergency, but this plan would reassure financial markets far more than any seven-year budget goal.

As a final step, both the administrative and the congressional Republicans should agree on an objective of at least 3% annual growth to be reached in the next two or three years. The difference between 2.3% and 2.5% growth over the seven-year period is $475 billion of added revenues; the difference between 2.5% and 3% is more than $1 trillion. There are stakes worth fighting for. The national debate should now focus on the most important issue facing America: not whether, but how, to generate the growth that is adequate to the country's needs.

Mr. HARKIN. This was in the December 7, Asian Wall Street Journal.

Mr. Rohatyn is talking about budget forecasts. Let me just start where he says:

That's because the economic assumptions made by both sides are faulty. The Congressional Budget Office forecast is for 2.3 percent annual growth for the seven-year period; the administration's is for 2.5 percent annual growth. Both forecasts are undoubtedly wrong. That is not their greatest sin, however, because all forecasts are wrong, especially when they go beyond next year. Their greatest sin is to accept, and implicitly condemn, the United States to our present growth rate.

Let me repeat that. What Mr. Rohatyn said is that to forecast and to set our policies based upon 2.3 percent or 2.5 percent growth for several years, that is not the greatest sin, he says, he stated the greatest sin is to accept and implicitly condemn the United States to our present growth rate.

Despite Wall Street's love affair with slow growth, the vast majority of the business community believes this to be far short of the economy's real capacity for noninflationary growth, as well as being inadequate to meet the Nation's private and public investment needs.

Mr. Rohatyn goes on, he says:

What is pushing us toward accepting lower growth? Part of the problem is faulty economic measurements. Both Federal Reserve Chairman Alan Greenspan and a distinguished panel of economists have said that U.S. actual inflation rate may be more than 50 percent below the official measurement of the Consumer Price Index. This means inflation may be a less immediate danger. Furthermore, the Bureau of Labor Statistics has decided that the methodology of growth rate measurements is faulty and needs to be revised downward. Once this is adjusted it may ease fears that we're growing ''too fast.''

Mr. Rohatyn goes on to say:

It would be a tragic mistake for the U.S. to join the rest of the developed world in a set of economic policies combining low growth, high real interest rates, and fiscal contraction—the prescription seemingly favored by both Congress and the White House. The net result of these policies will not be balanced budgets, but higher deficits and serious social strains, because they will lead to less growth, and hence lower Government revenues.

Every major American social and economic problem requires stronger economic growth for its solution. This includes improvements in public education as well as increasing private capital investment and savings; balancing the budget and maintaining a social safety net; improving the economic conditions in the big cities and reducing racial tensions as a result. The economic and social pressures of global capitalism can be offset only by higher rates of economic growth. Even when global competition was less severe, and social problems less daunting, the U.S. did not generate sufficient jobs in Government revenues at less than 3 percent to 3½ percent annual growth in gross domestic product.

There is only one explanation, for the U.S. government's reluctance to adopt a higher growth objective: the inordinate fear of inflation resulting from higher growth. The view that the economy's capacity for noninflationary growth is limited to 2½ percent is strongly supported by the financial community and the treasury and the Federal Reserve, all rightly anxious to protect the securities and currency markets. But business leaders strongly believe we can achieve higher growth with little risk of higher inflation.

It is totally appropriate to fight inflation. It is counterproductive to limit economic growth unnecessarily.

(Mr. THOMPSON assumed the chair.)

Mr. HARKIN. Mr. President, I think Mr. Rohatyn, really in both those articles, has really outlined what our policy ought to be at the Federal Reserve. That is, a policy of balance. That is what he is arguing for. He is not saying, forget about inflation. He is saying, when there is no inflation, when the fear of inflation is low and inflation is way down, below 2 percent, we can take some risks for more growth.

Like the story about the turtle that only makes progress when he sticks his head out from underneath the shell. Of course, he is most vulnerable at that point. The turtle could live his entire life closed up in a shell. He would not get very far, but he would be safe. Like the turtle, we have to stick our necks out once in a while for growth. If we see inflation coming, yes, then we can retreat. But to retreat before inflation is threatened is to condemn America to slow growth, is to condemn American families to low wages and high unemployment. It means that we will have a tougher time balancing our budget, or it means if we do want to balance the budget, we are going to cut very deeply into social safety net programs. We will cut into education, we will cut into health, we will cut into Medicare, and we will start cutting to balance the budget. That will exacerbate and make worse social unrest that we already see starting out there.

We must have a policy of growth. The Federal Government cannot do it by itself. We have no magic here to do that. Yes, we can cut budgets, and we are. We can cut the deficit, and we are. We can streamline Government.

I commend the Clinton administration for what it has done to streamline Government. It was the Clinton administration that started the reorganization of the Federal Government. It was President Clinton who suggested we trim the size of the Federal bureaucracy to its lowest point since John Kennedy was President.

Yes, we can take those steps, and we are taking those steps, but unless we have growth in our economy, those cuts are going to get harder and harder in the future. It will be harder to make politically, but it will be harder on people with real needs, whether it is an elderly person who is ill or maybe an elderly person that needs heating oil in the wintertime and we do not have enough money to pay and to help them buy that heating oil to keep warm in the winter. It is a family that has a child that needs a Head Start Program and cannot get it because we do not have the money for it. We simply do not. Or maybe it is a young couple starting out, both of them are working, and they would like to save to buy a new home. They cannot to it because the interest rates are too high. That is what is ahead for us if we do not have growth in our economy.

As I said, we have limited resources at our fingertips here in the Congress to do that. We cut the deficit, we cut the size of the Federal Government, we can streamline, but in the end it has to be the Federal Reserve and its monetary policy to reduce the interest rates that will allow the private sector to expand. By allowing the private sector to expand and grow with new plants and new equipment and, yes, wage growth for hard-working families, that will create the kind of revenues that the Federal Government takes in to help meet our obligations to those less fortunate.

Mr. President, Rohatyn points out the increasing social unrest that will happen if we continue on with the tight money policy under Mr. Greenspan. Mr. President, I do think we should have monetary goals that allow for 3 percent, maybe 3½ percent growth, a percent higher than what we have. Of course, as I said, if it was achieved, we would see our revenues climb as profits and income increase, and many program costs would fall. Again, I commend President Clinton for the approaches he has taken to reduce the budget deficit and to reduce the size of the Government.

Next, I want to discuss some of the recent news impacting on interest rates, how the perceptions of the Federal Reserve and its actions have shaped the market's reaction to the news, and why I believe Alan Greenspan's historic pattern of actions is not helpful for our economy to grow. I would like to know how approving his renomination and his hair-trigger reaction toward raising interest rates makes talk of a growing economy from a supply side tax cut totally impossible.

There are those who say we need to have this big tax cut now, as if somehow this tax cut is going to lend itself to a supply side growth in our economy. But if you have high interest rates, unreasonably high interest rates, tight money policy, then that will not happen. Tax cuts will just simply go for higher interest payments. That is all they will go for. If you want to really get the economy moving, yes, you should get our rate of interest down, and then have targeted tax cuts to working families. That would really spur the economy. To do it without lowering interest rates is counterproductive.

If the Federal Reserve is going to look at a reduction of revenue without immediate offsetting reductions in spending as inflationary, then interest rates are likely to increase and higher interest rates will send the economy into a dive, further exacerbating the deficit. In that environment, the ability to promote any kind of a supply side tax reduction that benefited the economy becomes highly suspect.

One of the very strange things to most people who read the newspapers is how the bond and stock markets now tend to go down when there is significant good news about the economy as a whole, as I just read from a couple of articles. The reason is because they believe as soon as the economy gets better, interest rates will rise.

Will they rise because of fear of inflation, or do they think they will rise because of a hair-trigger orientation toward raising interest rates at the Federal Reserve? I believe a very large component is the fear of the Federal Reserve increases in its interest rates and not the fear of inflation.

I suppose Mr. Greenspan's supporters would say the answer is if the economy overheats, there will be a bottleneck in the economy, shortages of goods, the inability to deliver them on time, shortages in employees. This, of course, will result in higher prices for wages paid, and thus inflation. Inflation will increase and erode the value of long-term bonds. The bond market will therefore demand higher interest rates to slow the economy and reduce inflation, and clearly higher interest rates reduce consumer demands, increase business costs and lower profits.

Under Mr. Greenspan's Federal Reserve, I believe there is a perception, cultivated by him, that he does have a hair trigger and if there is ever any early sign at all of any inflation, they will raise interest rates. Unfortunately, it is more than true. He may claim it calms the markets, but I think he is leading the charge to higher rates in a slower economy.

Sometimes we have seen this hair trigger operate when signs of inflation are ephemeral, at best. The bonds and stock markets both initially hit the skids when the Bureau of Labor Statistics issued its report on May unemployment last Friday. What did the report say? Mr. President, 348,000 jobs were added to the payroll. In addition, there was an upward revision in the April employment figures by 163,000; about 500,000 additional jobs in America over a 2-month period. There was about 40,000 less than that because statistics counted higher for election day in many States, so we are talking about 460,000.

There was a huge 549,000 increase in the work force in May. Half a million people wanted to get into the job market. They wanted to work in April. Only two-thirds found jobs.

I hear people say, ''My gosh, look at all the new jobs we have created. We are up to 500,000 in a couple of months.'' But what they point out is that in May, there was a 549,000 increase in the work force, and what we found is that over that period of time, about 460,000 new jobs.

So only about two-thirds of the people looking for work found work. So, in actuality, the unemployment rate increased from 3.6 to 5.6 percent in May. Again when you tell people that, they say, ''Wait a minute. I have been reading about all of these new jobs created.'' That is true. That is only one side of the ledger. You must look at the other side of the ledger and how many people are looking for work. This is about a third more looking for work than actually found jobs. So unemployment actually increased. With a fear that increased jobs will yield to bottlenecks, this news says there are a lot more people looking, providing competition for the growing number of job positions that become available.

What about the direct measure of inflation—rising wages? We talked about unemployment; let us talk about wages. In the March figures released in April, wages increased by 7 cents. On Friday, the new figure said, after adjustments after the past 2 months, wages only increased by a penny an hour. The economy, they said, did very well in April. Generally, economists felt it was a pretty good month and a pretty good quarter of the year. There is a widely held view that the economy will not do as well in the second half.

What is the problem with rising bond prices? It is the Federal Reserve. Everyone in the market understands Mr. Greenspan's character. So the 30-year Federal bond interest rate increased by 13 basis points last Friday largely on the bet that the Federal Reserve rate increase was on the way. We keep hearing that, at the next meeting of the Federal Open Market Committee, there is going to probably be an increase.

First of all, unemployment actually went up. Rising wages is only about a penny an hour. Why? Yet, bond interest rates increased by 13 basis points. Why is all of this important? It is important because, in the short term, the fear and the expectation of Federal Reserve rate hikes mean higher mortgage rates and other interest costs even before possible Federal Reserve action. If the Federal Reserve increases the interest rates, which in recent years is almost automatically followed by increases in the prime rates of banks, then the cost of doing business or operating a farm will increase. The cost to consumers who want to buy things increases.

But the most important effect of Mr. Greenspan's Federal Reserve policy is it blocks faster economic growth. As I said, Mr. Greenspan talked about the

desirable growth at a bit over 2 percent a year. Many economists say that our economy could grow well over 3 percent, as Mr. Rohatyn does, without triggering higher inflation. Many say we could sustain that rate for a longer period of time.

But I think it can be said with certainty, a 1-percent increase in growth for 1 year means an extra $75 billion added to the economy and the following year and each year thereafter. If we sustain that higher growth for 2 years, then we are talking about an extra $150 billion in the size of the economy per year; 3 years, $225 billion a year added; 4 years—you get my point. What this would mean in cumulative effects to the economy is nothing short of startling.

A larger economy means more in wages and a better quality of life for Americans. I believe it is worth a try. Mr. Rohatyn believes it is worth a try, and so do many, many economists. Especially business people think it is worth a try. I think we should allow the economy to grow at the strongest rate possible. Of course, this means we must lower interest rates.

Again, is there a risk of inflation? Yes; not as great as the risk would have been 20 years ago in the 1970's. As I pointed out, we have a world market in goods, we have a world market in labor, and we have new, more massive retailing and discounting in America that we never had 20 years ago. Plus we have a large pool not only of unemployed but underemployed.

That is another point that I am going to be talking about later. We can look at the unemployed figures. They say, ''Well, it is 5.6-percent unemployment. But there are a lot of people—and we all know it because we talked to our constituents—there are a lot of people out there who are underemployed. They have a job, but it is not the job they want, and it is not the job paying them the wage that their education and their abilities might otherwise argue for. But they are taking it because there is nothing else. It is not uncommon for a family with the husband working one or two jobs, the spouse, the wife, working one or two jobs, and one or more of the children working. Many of those second jobs are lower wage, many times minimum-wage, jobs. So there is, I think, a great deal of underemployment.

So, if we were able to spur economic growth to buy new plants and equipment, new opportunities, I believe that a lot of the underutilized jobs would move to other sectors and a lot of the underemployed people would take those jobs. So again, it argues against any kind of tightness in the labor market that would argue for inflation. So, yes, there is a chance, there is a risk.

As I said, it is like the turtle. The turtle never makes progress until it sticks its neck out. Of course, that is when it is most vulnerable. A turtle can spend its whole life clammed up in its shell, but it would never get anywhere. We can spend the rest of this century and a good portion of the early part of the next century clammed up in our shell, too, while other nations outstrip us, while other nations' growth rates exceed ours, and while we condemn our people to a lower standard of living. That is really what this is about.

Some people say, ''Well, you mean to tell me it is all wrapped up in one person, Mr. Greenspan?'' My answer is, yes, a lot of it; not all of it, but a lot of it because of the power of the Federal Reserve Chairman and because of the monetary policy of the Federal Reserve.

Some would say that cannot be true. Alan Greenspan does not want the economy to grow more quickly? Is that a fair statement? Mr. Greenspan does not believe that the risk of inflation is worth what could be substantial job growth and higher income. He has spent his entire professional life fighting for that view. I believe he is so oriented toward that view, blinded by that view, that he failed to act decisively to bring the U.S. economy out of two of the most serious recessions in the post-World War II era.

In 1974, while chairman of President Ford's Council of Economic Advisers, and in 1990, as Chairman of the Federal Reserve, both times he failed to act decisively to bring the U.S. economy out of serious recessions. In February 1994, he started a series of seven interest-rate increases with no real sense of inflation. Perhaps on the horizon there may have been a mirage of inflation sometime in the future.

Last Thursday's Washington Post had an interesting article written by John Berry. It said the Federal Reserve officials did not intend to orchestrate a signal on the prior Wednesday, on May 29, that the Fed wanted to raise interest rates at their July 3 meeting. But we have seen a number of statements last week on exactly that point, a few days before the article. Some of those statements said that the Federal Reserve was not intending to raise rates, and inflation looks like it is under control; the economy is not going out of hand. But I note that the bond and stock markets did take some of the remarks made by Fed officials made on May 29 very seriously.

Susan Phillips, a member of the board, and Al Brodous a member of a Richmond bank, indicated that they were seeing inflationary pressures in the economy. When the news came out that the 30-year bond moved up, stocks quickly dipped when the economists were heard on Wall Street. Speaking in Washington, according to the Wall Street Journal, Phillips was concerned about rising commodity prices and Brodous was concerned about the tightness in the labor market. On Friday, 2 days later, the 30-year bond was still 13 basis points higher, affecting real people. Mortgage rates were also up sharply. The beginning of last week saw lots of statements of denial, and the culmination was John Berry's piece in the Washington Post, and the 30-year bond returned to near its prior level.

My point in telling this is not to say that Fed officials purposely organized an effort to send a signal or not. That is not the point. It is to say that everyone in the market knows about Mr. Greenspan's hair trigger. If you are going to have large sums that will be invested in the bond market, that view is highly to your advantage. It keeps the chances of inflation way down. Unfortunately, it keeps the economy hobbling along and wages close to stagnant. What is good for bondholders is not necessarily always good for America, and not necessarily always good for the average American.

At the end of last week the 30-year bond was about 15 basis points higher than it was a few days before. Mortgage rates went up. And, unfortunately, there is now a reasonable chance that the Federal Reserve might increase rates on July 3. That is all being bandied about. Again, why? What is there out there that would even cause someone to think that the Federal Reserve might raise interest rates? The labor market is not tight. There is no inflation inherently threatening at all. Yet they are talking about it.

What was the truth, anyway—commodity prices? They have been stable for months. On the day Ms. Phillips made her comments, the IPC stood at 253. A month before, at the end of April, it was around 256. This is the Index of Prices for Commodities. So how could that statement be made that there is a tightening in commodities when, in fact, the index came down three points, from 1 month to the other?

Oil came down to about $20 a barrel from its peak of about $25 a couple of months ago. Oil prices are coming down, to the refinery. Unfortunately we have not seen much at the gas pump yet.

So where is the climb in commodity prices? They are generally going down more than up.

Let us look at the labor markets. Again, what do we see? Unemployment was up. Unemployment was up 5.4 percent for April, but unemployment has been in a range of 5.4 to 5.8 percent since October, 1994. And in 1994 many at the Fed were saying that anything below 6-percent unemployment would likely cause higher inflation. Wrong. Perhaps, if we would not send interest rates skyrocketing, we might discover we could sustain strong growth without accelerating inflation, bringing unemployment down actually to 5 percent.

In recent months the Help Wanted Index has also been low. This is a clear indication that employers are not having difficulty finding employees. A weak Help Wanted Index is something that might be expected in a slumping economy. More important, a weak Help Wanted Index is also one more indication that inflation is not threatening

because employers will not have to increase wages and benefits to attract employees. And we all know that employee wages and compensation are one of the greatest causes of inflation. So why the hair trigger? There is little reason, in my view, that fair-minded, balanced experts should want to raise interest rates at this time.

Just over the last couple of days we have received some good news about inflation. The CPI went up by .3 percent, core CPI went up only .2 percent, producer prices went down .1 percent. Yet the airwaves have been all filled with talk that the Fed may raise rates. Why? Because of Mr. Greenspan's hair trigger.

I would like to now go through some of Alan Greenspan's actions in the past concerning interest rates, that might explain the perceptions of the bond and stock markets.

First I want to talk briefly about a constant called NAIRU. I referred to it earlier, the nonaccelerating inflation rate of unemployment. Under this concept, as unemployment falls below a certain point, bottlenecks occur because the country runs out of skilled employees. As a result, employers must begin to offer increased pay and greater benefits to attract employees. As a result of this, producers must raise their prices to keep pace with the increased costs of doing business. Thus, this leads to inflation.

This model argues that if monetary policy is structured in such a way as to keep unemployment below its natural level, runaway inflation will result at an accelerating rate that could be reversed by only painfully high levels of unemployment. The conventional wisdom held by Mr. Greenspan is that the current natural rate of unemployment is around 6 percent. I want to be as fair as I can. Mr. Greenspan said he has no specific rate in mind, that he just watches the details. But for a long time the word was that this NAIRU, if I can call it that, was at least 6 percent. Below that rate, we would see escalating inflation. But unemployment went below 6 percent about 20 months ago and there is still no impact. Now the accountants are saying that NAIRU is maybe 5.8 percent, or 5.5 percent.

There was an interesting article by Patrice Hill earlier this month in the June 4 Washington Times on that point. I just wanted to read a little bit from that article. This was in the Washington Times dated June 4, by Patrice Hill.

Is the Federal Reserve keeping unemployment unnecessarily high and preventing more than a million workers from finding jobs?

A number of analysts say yes, the Fed may be depriving workers because of a too-cautious belief that if it loosen the money tap and lets the unemployment rate fall below its current level of 5.4 percent, the would trigger wage and price inflation.

''The Fed is probably shortchanging the economy,'' said Maury Harris, chief economist with Paine Webber Inc. in New York pointing to a succession of relatively inflation-free economic reports.

In the 1980's, inflation reared its ugly head when unemployment dropped to between 5.5 and 6 percent, so the Fed and many economists still see that level of unemployment as a ''danger zone'' where inflation lurks. They fear the demand for workers will start outstripping the number of people seeking work, driving up wages, the cost of business, and ultimately, fueling inflation.

But Fed critics in Congress and in economic circles note that unemployment has hovered in the 5.5 percent range for two years now, with little sign of a pickup in wage growth or inflation. In fact, ''wage stagnation'' is frequently singled out as a problem.

Mr. Harris and a growing number of prominent analysts say unemployment could drop still further—to between 4 percent and 5 percent—without triggering inflation. And that would make life better for a lot of people—a one-point drop in unemployment puts a little over a million back to work.

Mr. President, I ask unanimous consent that article be printed at this point in the RECORD.

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

[From the Washington Times, June 4, 1996]

INFLATION-WARY FED COSTS JOBS, CRITICS SAY

(By Patrice Hill)

Is the Federal Reserve keeping unemployment unnecessarily high and preventing more than a million workers from finding jobs?

A number of analysts say yes, the Fed may be depriving workers because of a too-cautious belief that if it loosens the money tap and lets the unemployment rate fall below its current level of 5.4 percent, that would trigger wage and price inflation.

''The Fed is probably shortchanging the economy,'' said Maury Harris, chief economist with Paine Webber Inc. in New York, pointing to a succession of relatively inflation-free economic reports.

In the 1980s, inflation reared its ugly head when unemployment dropped to between 5.5 and 6 percent, so the Fed and many economists still see that level of unemployment as a ''danger zone'' where inflation lurks. They fear the demand for workers will start outstripping the number of people seeking work, driving up wages, the cost of business, and ultimately, fueling inflation.

But Fed critics in Congress and in economic circles note that unemployment has hovered in the 5.5 percent range for two years now, with little sign of a pickup in wage growth or inflation. In fact, ''wage stagnation'' is frequently singled out as a problem.

Mr. Harris and a growing number of prominent analysts say unemployment could drop still further—to between 4 percent and 5 percent—without triggering inflation. And that would make life better for a lot of people—a one-point drop in unemployment puts a little over a million back to work.

Their theory gives fuel to a handful of liberal senators who have been holding up Alan Greenspan's nomination to remain as Fed chairman, arguing that his unnecessarily high interest rate policies have held back growth and employment.

Mr. Harris said the Fed is just being cautious because ''they don't want to take any chances of setting off inflation'' after bringing it down to the lowest levels in decades.

He held out hope that as the Fed sees unemployment go down gradually without igniting price increases, it may be more content to sit on the sidelines and not raise short-term interest rates.

Mr. GREENSPAN, in appearances before Congress, insists that the Fed is open to higher growth and employment and is not targeting any specific unemployment rate such as 5.5 percent. But he defends the Fed's decision to dramatically raise interest rates in 1994 when unemployment fell below 6 percent, saying it was accompanied by a big pickup in commodity prices.

Some Fed members have been more straightforward about tying the central bank's actions to the level of unemployment.

''The unemployment rate is about as low as you can expect it to go without a worry of inflation,'' said Cathy Minehan, the president of the Federal Reserve Bank of Boston, last week, while admitting that inflation, as measured by the Consumer Price Index, remains well-behaved.

San Francisco reserve bank President Robert T. Parry has told reporters that he believes the unemployment rate below which inflation becomes a problem—in technical jargon known as the ''non-accelerating inflation rate of unemployment''—is around 5.75 percent. He says the economy is already operating in the inflation ''danger zone.''

''It would surprise me if '96 and '97 didn't show some pickup'' in inflation, he said last week. ''It would probably be wrong to think that the lack of influence of wage pressures will continue indefinitely.''

While many economists agree with the Fed, some say it has not fully taken into account two factors that have increased the economy's employment potential: the aging of Baby Boom workers and the stiff, worldwide competition in trade that has unfolded since the end of the Cold War.

Mr. Harris and Ed Yardeni, chief economist with C.J. Lawrence Inc. in New York, say the unprecedented trade competition has held down prices and wages, while the aging of the baby boom has brought more experience to the work force and is driving down the unemployment rate.

When the large baby boom generation was young and less skilled in the 1970s and 1980s, they had a harder time finding jobs, causing the unemployment rate to drift higher. But now, the reverse may be happening, the analysts say.

Mr. Harris points to the low, 4.5 percent unemployment rate in the Midwest manufacturing belt—accompanied by low, 2.7 percent wage inflation—as evidence that unemployment nationwide could drop further without setting off a wage-price inflation spiral.

Mr. Yardeni notes that unemployment dropped as low as 4 percent in the 1960s without inflation. The same thing could happen in the 1990s, but for different reasons, he said.

''The world has changed. The end of the Cold War is a major shock'' that has brought with it a flood of trade and cheap imported goods, but along with it the fierce competition that has kept a lid on prices and wages, he said.

David Wyss, economist with DRI/McGraw-Hill Inc. in Boston, defended the Fed and dismissed as ''wishful thinking'' the theory that unemployment could go much lower without inflation.

Some one-time factors have been aiding employers in holding jobs costs down, he said, including a recent dramatic drop in health care inflation, and recessions in Europe and Japan that have held down worldwide demand and prices for raw materials. Those helpful developments could soon subside, he said.

Mr. HARKIN. I just want to read one other part of that article. Ms. Hill said that:

Mr. Greenspan, in appearances before Congress, insists that the Fed is open to higher growth and employment and is not targeting any specific unemployment rate such as 5.5 percent. But he defends the Fed's decision to dramatically raise interest rates in 1994 when unemployment fell below 6 percent, saying it was accompanied by a big pickup in commodity prices.

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While many economists agree with the Fed, some say it has not fully taken into account two factors that have increased the economy's employment potential: the aging of Baby Boom workers and the stiff, worldwide competition in trade that has unfolded since the end of the Cold War.

She quotes Mr. Ed Yardeni, chief economist with C.J. Lawrence, Inc., in New York who said:

Mr. Yardeni notes that unemployment dropped as low as 4 percent in the 1960s without inflation. The same thing could happen in the 1990s, but for different reasons, he said.

So, again, I said at the outset of my comments, I think Mr. Greenspan's economic perceptions are locked in the 1960's and 1970's. And the world has changed dramatically since that point in time.

So, let us say—let us assume that the floor on unemployment is not 5.5 percent. Let us just say it is 5 percent, half a percent lower. The National Bureau of Economic Research, a distinguished group that is recognized as the arbiter of when recessions begin and end, recently published a working paper which might explain part of the problem. It is entitled, ''How Precise are Estimates of the Natural Rate of Unemployment,'' NAIRU.

To explain this point I would like to use the hypothetical example of a political poll, which we are kind of all familiar with. For example, if a poll says that 60 percent of the American people believe x, it basically means that 60 percent plus or minus a certain percentage actually believe x. NAIRU, nonaccelerating inflation rate of unemployment, and other economic statistics, work the same way. So I was surprised to learn that the range of NAIRU is plus or minus 2.6 percent of unemployment. That means that when NAIRU is assumed to be 6.2 percent in 1990, the natural rate of unemployment is actually somewhere between 5.1 percent and 7.7 percent.

I would like to point out that each one-tenth of one point of unemployment represents about 132,000 people who do not have a job, many of whom have families. What this means is that a Federal Reserve decision to tighten credit through higher interest rates to slow the economy down does a couple of things that impact Americans. Some become unemployed, more than would otherwise have become unemployed. Every tenth of a percent almost equals more than the entire working age population of the capital city of Iowa, Des Moines.

Second, it keeps the cost of wages down. That is the real goal. Increased unemployment is an indirect goal, although it is not stated that way, but what they are really after is keeping wages from rising to prevent inflation. We must keep in mind, however, that employees' hourly wages have fallen in 1995 dollars from $12.85 in 1978 to $11.46 per hour in 1995, a drop of 11 percent. And while that is happening, our productivity is going up. Not as much as it should. But productivity is, in fact, going up in our country at a time when wages are going down.

So now we are told we have to keep tight reins on the economy or it will overheat and damage the economy. At what point will the economy overheat and damage our economy? Should we really be worried if unemployment comes down to 5 percent, 4.8, 4.6 or maybe even 4.5 percent? Is there really any fear that that will cause inflation?

There are many who do not believe so, and I happen to be one of those. I believe we can reduce the rate of unemployment in this country, provide for more jobs and better wages without increasing inflation.

I guess the concern I have with Mr. Greenspan is he always seems to come down on one side of this debate, stopping inflation at any cost, and will not let the economy grow as it should.

Mr. President, I said when I started my comments that I would at some point go over Mr. Greenspan's history, and I do want to do that, but I see in the Chamber the Senator from North Dakota, who has been a great leader in this effort to get a more reasonable balance at the Fed, who has been an eloquent spokesman for a more balanced policy and for lower rates of interest and for a growth in our economy. I see the Senator is present on the floor.

At the conclusion of his remarks, or perhaps tomorrow, when we are in session tomorrow, I wish to trace for the record and for Senators and for the public Mr. Greenspan's record from the time that he was Chairman—well, I may even go back further when he was one of Ayn Rand's disciples in New York. I may even go back to that. But I want to trace his history from the time he was chairman of the Council of Economic Advisers through his private years, when he was private and he was stating what the economy would do, and to show also through this period of time as Chairman of the Fed how, quite frankly, Mr. Greenspan just simply has been wrong.

I say that with no malice. I just say that is the record. I wish to trace that record in some detail in the hours and days that follow. I, again, see my colleague and again, as I say, one of the great spokesman for a better balance at the Fed and for more growth in our economy and one of the great fighters for small businesses and our farmers present on the floor.

I yield whatever time he might consume.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I thank very much the Senator from Iowa. I have listened to his comments. I know that he has taken some criticism for his position that there ought to be a debate about monetary policy here on the floor of the Senate. But I admire the fact that he will not back down. There are big economic interests out there who want to say to the Senator from Iowa, ''Back away from this, back down or else.''

The Senator from Iowa has one of those stubborn streaks that says if something is right and it ought to be done, he is going to make sure it is done. I say to him I appreciate the fact he stood strong and said, ''We demand an opportunity to debate on the floor of this Senate,'' something that is as important to every family and to our economy as this subject is.

A century and a half ago, from barbershops to barrooms in this country, people would talk about interest rate policy and monetary policy. It was enormously important. In fact, if you study the two centuries of economic or financial history of this country, you find that there has always been a constant wrestling match between those who produce and those who finance production. Sometimes you go for a decade or two and the financiers have the upper hand. Then it switches and the producers have the upper hand. But always this tension and this wrestling back and forth for economic power.

In 1913, we created something called the Federal Reserve Board. It was promised at the point of its creation not to become a central bank accountable to no one. It was promised that would not happen. Of course, what has happened at the end of this century is it is a strong central bank accountable to no one, serving its interests as it sees its interests in dealing with monetary policy and interest rates with respect to the American economy.

I thought it would be helpful just to begin this discussion to put up on a poster board the Federal Reserve Board. Almost no one ever sees these folks. They are undoubtedly wonderful people. I have only met a few of them.

This is Alan Greenspan, appointed in 1987. He has been in and out of the Federal Reserve System in the field of economics and doing consulting work, and so on, for many years.

Let me say at the start, we are talking about confirming Alan Greenspan, Chairman of the Fed, for another term. I admire him, and I respect him. However, I fundamentally disagree with him about monetary policy and about his stewardship at the Fed. He knows I disagree with him, because we have had these discussions back and forth when I was on the Joint Economic Committee, when I was on the Ways and Means Committee in the House and in other venues. But because I disagree with him on interest rate policy, no one ought to interpret that to mean that I do not admire him. I do. I just think he is wrong.

How? Alan Greenspan is the person who heads the Federal Reserve Board.

He believes that America's unemployment really should not drop below 5½ percent because that would cause us a lot of trouble. He also thinks that economic growth should really not go much above 2 or 2½ percent, because that would cause us trouble. He believes largely in a high-interest-rate, slow-economic-growth policy.

It does not take great creativity to pursue a slow-growth economic policy. My Uncle Joe could do that. If I said, Look, our goal is to slow the American economy down, my Uncle Joe could slow it down, and he does not have a Ph.D. in economics. He has no experience at the Fed, but my uncle Joe could slow the economy down.

My point is, the current Federal Reserve Board strategy, stemming from the Chairman, is a strategy that says, ''Let's keep economic growth rates in this country slow,'' because they believe that that represents the right balance in dealing with the kind of issues they ought to deal with, the twin economic goals of stable prices and full employment.

The goal of price stability now is the overriding goal of the Fed, and the Fed will probably say, ''Well, we have cut inflation 5 years in a row, inflation is down and it continues to come down. Look at what a wonderful job we've done.'' And I say to them, my uncle Joe could have done that as well. Bringing inflation down was not your success. The global economy has reduced the rate of inflation. You don't see wages in America increasing; you see wages coming down.

Why? Because two-thirds of the American work force are now competing with 2 to 3 billion other people halfway around the world, some of whom will work for 10 cents, 20 cents and a half dollar an hour. This global work force has put downward pressure on American wages. And as a result, too many families now are working for fewer wages or fewer dollars than they used to earn in the same job.

So inflation is coming down, wages are coming down, and the Fed will say, ''Gee, look at what a great job we've done.'' I do not know that they ought to claim credit for lowering inflation when the global economy is what has resulted in lower wage rates in America.

But I will say this: While they have been about whatever job it is they are doing, America has sustained a rate of economic growth that is simply anemic. This economy has the capacity of producing economic growth and new jobs and new opportunities at a much greater rate than now exists.

Why does it not? Because, in my judgment, the Chairman and the current Federal Reserve Board see themselves as a set of human brake pads whose job it is to slow down the American economy.

Let me read something from the National Association of Manufacturers. I sometimes agree and sometimes disagree with them. Jerry Jasinowski, who is the president of the NAM and a friend of mine, an awfully good thinker and author, writes the following, along with Dana Mead, who is chairman and chief executive officer of Tenneco. They coauthored a guest editorial in Investors' Business Daily. Let me read what he says:

> Whether it's balancing the budget, raising worker compensation or paying for tax cuts or social and environmental programs, the answer to most of our difficult problems is higher economic growth. Raising economic growth by a mere one-half of a percentage point would generate nearly $200 billion in increased tax revenue over the next 8 years. Personal disposable income would be $180 billion higher in 2003 than 1995, which brings us to one of the great mysteries of the late 20th century: Why is the world's most competitive economy restricting itself to economic growth rates—

Or he says ''anemic growth rates''—of 2 percent to 2.5 percent?

That is the key question posed by the president of the National Association of Manufacturers. ''Why is the world's most competitive economy restricting itself to anemic growth rates of 2 percent to 2.5 percent?''

The answer, he says:

> The Federal Reserve Board. They all seem to buy—not only the Fed, but the CBO, OMB, and the forecasters—the prevailing wisdom that higher growth rates will trigger inflation. That recalls Mark Twain's observation about the cat who once sat on a hot stove. He'll never sit on a hot stove again, but he'll never sit on a cold one either.

This from a producer, the National Association of Manufacturers, and the chief executive officer of Tenneco, asking the question, why should we be content, as the most competitive economy in the world, with 2 to 2½ percent rates of economic growth? We are content with that, or at least some are content with that, because that is what the Federal Reserve Board determines our economic growth rate will be.

That is what the Federal Reserve Board has managed to do. They make interest rate decisions in secret. They do it in a closed room with the door shut, and with no debate that the American public can become a part of. There is no public discussion that represents any form of democratic notion at all. They do it in private.

This is the dinosaur of public policy institutions. It is the only one left that is highly secretive, and does all of its business in secret. In fact, here are the Fed's Board of Governors.

Then you have the presidents of the regional Reserve banks. They participate on a rotating basis, I believe five at a time. They join the Board of Governors in what is called an Open Market Committee. They decide what the interest rates will be. They vote in a closed room with the door closed. You and I are not a part of it. The American people are not a part of it. They vote.

Who do the bank presidents report to? Who are they accountable to? Well, they come from the regional Fed banks, and they are accountable to their boards of directors. They are accountable to the boards of directors. Who are the boards of directors of these regional Fed banks? Bankers. So these folks come to Washington, DC, and in the Open Market Committee vote on interest rate policies. They have neither been appointed nor confirmed by Congress. There is no people's involvement or people's input here. They owe their job to their boards of directors, which are bankers.

Now, what interests are they going to represent when they are in this closed room with the Board of Governors voting on interest rate issues? The interest of the money center banks, I think.

The point I am making here is, this represents the closed system by which monetary policy is dealt with in this country. It is not democratic. It is not open. There are many imperfections in this system today.

Would I suggest we get rid of it? No, I do not suggest that. I suggest we make some substantial changes. Do I believe we should give monetary policy to the Congress? No, I do not believe that either. Should monetary policy be part of the normal politics of this country? No; it is too important for that as well.

But should it be closed off, isolated, insulated, and away from the view or input of the American people? Of course not. This is a dinosaur, one of the last remaining dinosaurs in our country. Change needs to occur with respect to the workings of the Federal Reserve Board. A little fresh air and a few rays of light creeping through the doors of the Federal Reserve Board would be good for this Board and good for this country.

But that is not the issue. The Federal Reserve Board reform issue is not the issue today. Today's issue is the nomination of Chairman Greenspan for another term as Chairman of the Federal Reserve Board.

About 2 weeks ago, there was a story in the Washington Post. They were talking about the political campaign that is now going on in this country—President Clinton and Senator Dole—and they were talking about the proposals for tax cuts that are ricocheting around and the proposition that Senator Dole may or may not propose some across-the-board tax cuts.

I thought it was interesting that the former CBO Director, Robert Reischauer, said something that relates to this discussion today. He said:

> Whether or not the supplysiders think cutting taxes will make the economy grow faster does not really matter, said former CBO Director Robert Reischauer, now of the Brookings Institution. The Fed Chairman, Alan Greenspan, thinks the economy can't grow faster than 2.2 percent a year without triggering inflation. It is not going to happen.

No matter what anyone thinks about monetary policy issues here in the Congress or what they try to do with respect to fiscal policy issues, if Alan Greenspan does not believe the economy should grow faster than 2.2 percent, it is not going to happen, Mr. -

Reischauer alleges. Of course, he is absolutely correct.

I will talk just a bit about what has happened in recent years. I will talk about the high interest rate policies now pursued by the Federal Reserve Board. I have a chart that shows the current Federal funds rate. That is the rate that the Federal Reserve Board sets by itself. It says, ''Here is what our rate is going to be.'' And all other interest rates come off of this rate, with the exception of long-term rates, which are set by the market but are influenced by this.

But the fact is, all other interest rates—credit cards, business loans, the prime rate—all follow the Federal funds rate. Historically, the Federal funds rate has been 1.77 percent above the rate of inflation. In other words, the rent that is incorporated in the Federal funds rate above the rate of inflation is 1.77 percent. These are very short-term funds, as you know. Since Chairman Greenspan came to the Fed, the average has been 2.18 percent, and the current rate is 2.32 percent above inflation.

In other words, all other interest rates in this country that virtually everyone pays—consumers and business men and women and farmers and others—is now higher than it should be because the Federal Reserve Board is keeping the current Federal funds rates much higher than in the past.

Why are they doing that? Well, because I guess they fear, if they would cut the Federal funds rates, someone would believe they have given up their fight against inflation. Despite the fact that the Fed has said that they see no troubling signs of inflation over the horizon. They believe the long-term market in which you have a spikeup of long-term rates, or had a spikeup of long-term rates, the assessment by the market is wrong.

I asked the Fed, ''If you believe that, if you believe there is not a credible long-term threat of inflation or a credible threat of inflation just over the horizon, why, then, are you deliberately keeping the Federal funds rates at a level that is historically a fair amount higher than it has been in the past and, therefore, causing every American to be taxed—yes, taxed—with an interest charge that they did not have any part in being able to debate or talk about or wonder about whether they should be paying?'' It is a tax in the form of an interest charge extracted from every single American family, higher than it should be, because the Federal Reserve, sitting behind their closed doors, decides they want higher interest rates. Presumably they want higher interest rates because they want to continue to dampen the rate of economic growth.

If you said to Mr. Greenspan or many of the other members of the Fed, why can't we have more economic growth, which would produce more jobs at better pay and more expansion and more opportunity in our country? Why cannot we do better than 2 or 2.5 percent? They would probably say to us, well, it is because of inflation. If we have higher economic growth, then we overheat the economy and get more inflation. ''Look what we have done with inflation,'' they would say. ''Look at what has happened in 5 years. Inflation has come down, down, down, down, down, all the way down to 2.5 percent.'' Because Alan Greenspan has said publicly he thinks the CPI overstates the rate of inflation by as much as 1 or 1.5 percent, one would conclude that in his mind inflation is somewhere around 1.5 percent or 1 percent in our country today.

So, they say, we cannot have a healthy rate of economic growth. We cannot have robust expansion of new jobs in our country because they are worried about inflation, despite the fact that inflation has come down for 5 straight years, not because of the Fed but because the global economy has put downward pressure on wages by and large, in my judgment. But that is what the Fed would say: No, we cannot have more robust economic growth because we are worried about inflation.

Well, I am worried about inflation as well. I think we ought to fight inflation. But I think the twin economic goals that we ought to be pursuing in monetary policy are not only stable prices, but also full employment, which means a robust growing economy. To focus on one exclusively, which I think is what is happening at the Fed, I think is unfair to the American people.

Let me provide a record of the economic performance of this country under this monetary policy scheme. I should say that not only monetary policy affects our economic performance; so does our fiscal policy. I am not one who wants to pat Congress on the back for its wonderful fiscal policy. I understand that we have also caused problems. But let us talk a little about what is happening with respect to the economy.

Real gross domestic product. Prior to the Greenspan years—I think it is about a 20-year period—the average was 3.4 percent of economic growth per year; Greenspan years, only 2.2 percent. This difference is substantial. This might look like a bar chart to most people. This looks like unemployment to many people. This looks like families without jobs. This looks like lost opportunity. This looks like lower income. This looks like kids coming out of college that cannot find work to some people. But this difference is substantial. A 3.4-percent average yearly rate of economic growth prior to Mr. Greenspan going to the Federal Reserve Board and 2.2 percent following, and since and during.

Income per capita; 2.5 percent to 1.3 percent. I should note this is not wages. Wages would look different than this. This is aggregate income per capita.

Payroll jobs; 2.4 to 1.7 percent.

Productivity; 2.3 to 1.1 percent.

The record demonstrates a slow-growth economic policy that squeezes our economy and dampens our opportunity to produce the kinds of jobs and the kind of opportunity we should have in this country.

Another chart shows the consequences of this kind of strategy. The consequences of someone saying we should slow the rate of economic growth might not seem like very much today. The difference between 2.2 percent growth and 3.2 percent might not seem like very much next month or next year, but if you take a look in the outyears, what you have, the difference in these rates of growth of 2.3 percent annual rate of growth versus 3.3 percent, you will see that in the outyears, 20 years, you are talking about nearly $3 trillion in additional economic opportunity and output. What is $3 trillion converted to jobs, to hope, to a brighter future?

So while some people may think this is fairly irrelevant whether you have a 2.3 percent rate of economic growth or 3.3 percent, it is an equation that will determine our place in the world as an economic power.

To develop a strategy that says, ''Let's get reasonable rates of economic growth out of our economy so our economy can grow and provide jobs and opportunity,'' that is not going to happen with respect to this Federal Reserve Board and its leadership.

I previously used a chart that showed the real Federal funds rate. I also have a chart that shows the difference in the real prime rate. The prime rate, the rate the very best customers of the lending institutions get their money at, shows pre-Greenspan, 3.09; current, 5.35; the average Greenspan is 4.63. Everyone borrowing at prime rate is paying a higher prime rate than they ought to because the Federal Reserve Board decides they want to slow the economy down by extracting from the economy a higher interest charge and slowing growth rates as a result.

I have spoken some about the Federal Reserve Board's policies, and especially the monetary policies with which I disagree. I expect some will substantially disagree with me. They will say, ''We like the Fed as it is; 2.3 or 3.3 economic growth are irrelevant issues. We want to vote to confirm Mr. Greenspan.'' When this debate is over, I expect Mr. Greenspan will be confirmed and will likely be confirmed with a rather substantial vote. I do not intend to join in the vote in favor of confirmation. I will restate again, lest anyone think differently, it is not personal. I admire Mr. Greenspan and his public record. I disagree substantially with the policies he is pursuing at the Federal Reserve Board, and I believe President Clinton would have done better for this country by offering a candidate with a chairmanship of the Federal Reserve who would pursue more balanced policies, policies that do not so clearly benefit one part of the economy at the expense of the other, policies that do

not so clearly benefit the bigger banks at the expense of this country's productive capability and at the expense of this country's worries.

I will speak for a couple of minutes about a GAO report that Senator REID and I requested be done about the Federal Reserve Board. It is another element that ought to be discussed with respect to a discussion, not only of the confirmation of Chairman Greenspan but the appointment of two other members of the Board of Governors at the Federal Reserve Board. We asked the GAO to do an evaluation of the Federal Reserve System largely because it sits out there apart from other Government institutions. It operates by itself and chooses how much money it wishes to spend, and takes the money from the interest charges it levies and makes its own judgments about how many people it wants to hire and how it wants to spend its money.

We have not really had any indepth audits of the Federal Reserve System. There is very little information about the Federal Reserve Board available to Congress. Senator REID and I asked for information to be made available through the General Accounting Office. We asked the GAO to do the audit. And it took them some 2 years to do it. It was interesting what we discovered.

The first thing we discovered was a cash stash, we call it, actually, a surplus account at the Federal Reserve Board. I suppose some were aware of it. I was not aware of the surplus account that had been accrued at the Federal Reserve Board. This Federal Reserve Board has put away nearly $4 billion in a surplus account. They have done so in order, they say, to have it available to offset any losses they might incur. The Federal Reserve Board has been in existence for 80 years. In 79 years they have not ever had a loss. In 79 consecutive years they have always had a surplus, they have made money, had no loss, and there is no expectation in the next 79 years that the Federal Reserve Board would have a loss.

Yet they have captured some $3.7 billion—not million, billion—and put it into an account called a surplus reserve account. It has grown more recently because they want to offset against any losses they might have. An agency that has never had a loss and is never going to have a loss squirrels away $3.7 billion as a hedge against loss? That seems incredible to me.

We have a big debt with big deficits. We have a lot of needs. We are in a situation in this country where the Federal Reserve Board has counseled, appropriately so, everyone, including the rest of the Government, to tighten their belt, and the Federal Reserve Board, behind closed doors, decided to overeat. We should tighten our belt; they want to expand.

I have a picture of a building that the Fed had built. Here is the outside of the building, a beautiful building. I would not suggest they build an ugly building. It is a beautiful building built in Dallas, TX. Next, I want to show you the lobby of the building, because one of the things the GAO pointed out was that this Dallas Federal Reserve Bank, they purchased more land than they needed for it. The original square footage approved for the lobby area was exceeded by 250 percent. I thought the picture was interesting because they were going to build a bank with a lobby that had 7,800 square feet. If you can see this picture, we ended up with a lobby with 27,000 square feet. This is a giant lobby with all these wonderful windows and shiny marble, and this tiny little desk, two tiny chairs and a coffee table that could fit into a trailer, even if it was not a double wide. They put it in a 27,000 square foot lobby in a building they built suggesting they would have a lobby of 7,000 feet. The GAO says—I guess the taxpayer here ends up paying for a 27,000 square foot lobby. Who is accountable for that? Where does it come from? I do not want to spend a lot of time on the lobby in Dallas. I have never been there. I do not expect to go there. I wish them well. In the meantime, somebody had to pay the bill to build a 27,000 square foot lobby. Some wonder if that is a useful approach to using taxpayers' money.

Perhaps we could talk about the cumulative percentage increase in Federal Reserve expenses that the GAO found. The GAO is fairly critical of the Federal Reserve Board, saying at a time when the rest of the Government is told, ''Tighten your belt,'' the blue line on this chart suggests their operating expenses far exceed the Federal discretionary spending. If you included some entitlement spending here with health care costs that are automatically increasing, you have a different chart. This is a chart the GAO made. They point out in the areas where there is discretionary spending decisions that are made, while the rest of the Government is told to tighten their belt, the Fed is substantially increasing its spending.

The next chart shows again, while the rest of the Government is being asked to tighten its belt, benefits per employee of the Federal Reserve Board in a 6-year period increased 91 percent. Benefits per employee increased 91 percent in a 6-year period, at a time when others are being told, ''You should tighten your belt.''

The GAO report raises a series of questions about the stewardship and the management of the Fed. We intend to address some of those questions through legislation. I think it is useful for the Congress to read it and to evaluate it and have a discussion about it when we are discussing the confirmation of Mr. Greenspan, the other nominees and discussing the Federal Reserve Board generally.

I have more to say, and there is more time to say it at a later time. I will be happy to yield the floor. I will be back on the floor at a later point and finish my statement. I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ABRAHAM). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HARKIN. 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. HARKIN. Mr. President, I thank my colleague from North Dakota for his eloquent remarks a few moments ago in regard to the pending nomination of Mr. Alan Greenspan to continue as Chairman of the Federal Reserve Board, a position he has now held for 8 years. The nomination is for another 4 years.

When I turned over the floor to Mr. DORGAN I had said at the time that I wanted to begin a process of going through Mr. Greenspan's history and I thought I might do it somewhat sequentially and then tomorrow I will pick up on a little bit more of his background regarding his early years. Because, not that I want to go back into ancient history, but I think you can see a pattern here throughout his entire adult lifetime of, quite frankly, being wrong on the economy and misjudging what is taking place.

Again, it is my observation that, when you find people who are consistently wrong in a certain area, more often than not it happens because, I think, that person is more closely linked with an ideology or a certain philosophy, and therefore cannot accept facts as they really are, but they tend to be molded into an ideology, they tend to be molded into a conceptual framework and it impacts their view of the actual or real facts or real world as it might be.

I think Mr. Greenspan's focus on getting as close to zero inflation as possible has molded his economic thinking, forecasting views, observations, prognostications, in such a way that they do not really comport with what is happening. Thus, the seemingly endless string of errors that he has made since the earliest times.

I quoted earlier from the Investors Business Daily about some of those items. I will now go over a few more, before I yield the floor for the day. But let us start here with the time when Mr. Greenspan was the head of the Council of Economic Advisers for President Ford.

President Ford introduced his whip inflation now, plan. I remember the little buttons, the ''WIN'' buttons: whip inflation now. He took a lot of his advice and consultation from Alan Greenspan. Let me say Jerry Ter Horst, Jerry Ford's press secretary, said this about Mr. Greenspan and the WIN plan, whip inflation now, and I am quoting Mr. Ter Horst, who was President Ford's press secretary.

To be blunt about it, the President has lost confidence in their ability, [meaning the economic advisers' ability] to predict the future. He feels he has received inaccurate advice and, having been burned politically and

publicly because of it, Ford has adopted a ''show me'' attitude toward his economic counselors while listening more seriously to the advocates of direct Federal action to overcome the country's economic crisis. This fall, when he fashioned the anti-inflation package he presented Congress following his series of economic summit meetings, Ford relied heavily on the forecasts of his consultants, including economic council chairman Alan Greenspan. They assured him that rising prices and production costs were the prime enemy of a healthy America. He was advised that, while a recession lurked distantly on the horizon, it was not an imminent prospect that would confront him immediately.

Well, what happened is just the opposite of what was happening—what Mr. Greenspan had predicted. Let us look here at the recession of 1974–1975. This is a question in an interview with U.S. News & World Report, November 4, 1974. Keep in mind the President introduced his plan in October.

Question. Are you prepared to say we are in a recession now?

Answer. I would say that as of September, the last month for which we have actual figures—the answer is no.

That is November 4. The fact is that GDP fell at a rate of 4.2 percent in the third quarter of 1974, it fell—not grew—fell 2.8 percent in the fourth quarter of 1974, and it fell 5.8 percent in the first quarter of 1975.

So, here we are, we have a GDP falling at these rates in the third quarter, which he had the figures then, and the fourth quarter in which he was in the middle of at this time. GDP is falling and he says no, we do not have a recession. There is no recession out there.

So, again, I think that is why President Ford lost confidence.

Let us look at unemployment. Mr. Greenspan was completely off in his estimates for the unemployment level for mid-1975. Instead of the 6.5 percent ceiling as he predicted, unemployment reached 9 percent in May 1975. It should be noted that when President Ford introduced his ''Whip Inflation Now'' in October 1974, the unemployment rate was 6 percent.

Here again, the same U.S. News & World Report interview, November 1974.

Question. Do you have a projection for unemployment for mid-1975?

Answer. I have several, and they all show an unemployment rate of more than 6 percent. It could be as high as 6.5 percent.

Reality: For December 1974, the next month, the unemployment rate reached 7.2 percent. For May 1975, the unemployment rate reached 9 percent. Again, Mr. Greenspan was off by more than a considerable amount.

In a March 16, 1975, editorial, the New York Times stated:

But the administration has consistently underestimated the force of the recession and the rise of unemployment. The first version of President Ford's economic program offered, after his time-wasting economic summits last fall, would have deepened the recession by going all out against inflation, just as inflation was starting to slacken and the recession worsen.

Again, who was advising the President to go all out against inflation? Mr. Alan Greenspan. At a time when we were going into a recession—we already had the figures—at a time when unemployment was increasing dramatically, Mr. Greenspan says that we have to whip inflation—forget about unemployment—and we fell into a very bad recession.

This editorial went on to criticize the tight money policies and the lack of focus on unemployment of the Ford administration that lasted into 1975. Again, I will finish the quote from this article. It says:

But why should inflation be a threat to an economy functioning far below its full capacity? The administration's own economic assumptions, stated in his fiscal 1976 budget projections, are that unemployment will continue to hover around 8 percent for the next 3 years.

Mr. Greenspan says it is only going to be 6.5 percent, do not forget.

If the administration were to walk away from its own long-term forecast of unemployment, it cannot walk away from the existing joblessness, the worst in the postwar period, and the high probability that unemployment will increase over the next few months.

In fact, unemployment stayed high and did not get back down to 6 percent until May 1978. So, we had a long recessionary period there.

Summarizing the strategy of Greenspan and Ford, the economist Hobart Rowan noted:

Ford and Greenspan were willing to drag the Nation through a long period of recession and stagnation in which layoffs would mount, profits shrink and business expansion be postponed, all in the hope that austerity would cure the inflationary mess.

That is a quote from the Nation, by Hobart Rowan.

The concern about inflation over employment continued well into 1975 when the Ford administration was beginning its economic plans and predictions for 1976. Now we are past 1974; we are now into 1975.

Walter Heller, who was President Kennedy's chairman of Council of Economic Advisers, said:

The fear of inflation is still so dominant in Washington today that it is evidently destroying policymakers' faith in the recuperative powers of the American economy and blinding their sensitivity to the governing plight of the unemployed.

Transfixed by this fear, the White House and Federal Reserve authorities are greeting the earliest signs of modest recovery from the deepest of all postwar recessions as if prosperity was just around the corner. The hellfires of a new inflation are about to engulf us and let the devil take the hindmost the job beast.

President Ford justifies his veto of the emergency jobs bill last month in good part that economic recovery would be well along by the end of 1975, and much of the bill's impact would not be felt until 1976.

As we know, unemployment did not come back down again until 1978.

Those are a few of the things that Mr. Greenspan said during the recession of 1974–75. Inflation was at a high period and should have been of concern. But, Greenspan's focus was only on that point. It was not balanced.

Let us jump ahead to the recession of 1990–91. This is the transcript from the minutes of the Federal Open Market Committee, August 21, 1990. Earlier in the day, I said they keep these minutes sealed for 5 years. We now have these minutes from that August 21 meeting. Mr. Greenspan says:

I think there are several things we can stipulate with some degree of certainty; namely, that those who argue that we are already in a recession I think are reasonably certain to be wrong.

August 21, 1990.

The reality: The National Bureau of Economic Research, the official arbiter of when recessions begin and end, determined the recession began in July 1990.

In fact, Mr. Greenspan went on after that, later on—and I will get those minutes—when he went clear into November basically stating that there was really no recession at hand.

In his testimony at his confirmation hearings in 1987 before the Senate Banking Committee, Senator Riegle had the following exchange with Mr. Greenspan. This is Mr. Riegle:

Now, in the first place, when you were chairman of the Council of Economic Advisers during the Ford administration, the council had a dismal forecasting record. I have here a study by the Joint Economic Committee which showed in 3 years—1976, 1977, 1978—the forecasts of the agency which you headed, Mr. Greenspan, were wrong by the biggest margin of any in the 11 years 1976 through 1986. They tied the record for being wrong in 1978. They were almost as bad in 1977, and they were way off in 1976. That's on growth.

I am still quoting from Mr. Riegle's question.

When it comes to Treasury bill rate forecasting interest rates, there you broke all records for the entire period . . . when you estimated that you predicted that the Treasury bill rate in 1978 would be 4.4 percent. It actually was 9.8 percent. You were off by a huge margin.

In 1977, you predicted it would be 5.3 percent; it was 8.8 percent. Again, way off. 1976 wasn't quite as bad, but you were off then.

Again, Mr. Riegle, continuing on with his question, says:

Then we come to your forecast on inflation of the Consumer Price Index. There, again, Mr. Greenspan, you broke all records. 1978 was the worst forecasting year that you had. You estimated the rate of increase in the CPI would be 4.5 percent. It was 9.2 percent. And you were way off in 1977 and 1976.

What was Dr. Greenspan's response?

Well, if they're written down, those are the numbers.

As if it just did not matter. The source of this is testimony of Alan Greenspan before the Senate Banking Committee on July 21, 1987.

So, Mr. Greenspan's private record in the early 1980's was just as bad.

After Ford's defeat in 1976, Greenspan returned to his economic consulting firm: Townsend, Greenspan. There he continued to make inaccurate predictions about which direction the economy was heading. In 1982, Mr. Greenspan's published economic forecasts said bond yields would fall one-

quarter of a percent from the previous year-end level. In fact, they fell 3½ percent. But the drop in inflation was only temporary, he argued, in 1983.

The Fed-Volcker-induced inflation calm, he insisted, was about to end. In fact, inflation stayed quite steady at 4 percent to the end of 1987 and the end of the Volcker regime at the Fed.

Also in 1983, Mr. Greenspan said:

Long-term interest rates would increase 20 basis points.

This proved to be his best forecast ever. Rates did rise, but by a full 1 percent, not the meager two-tenths of a percent that he predicted.

At the start of 1984, Mr. Greenspan forecast that for the next 3 years, bond yields would rise from 5 to 55 basis points. They actually dropped from 123 to 199 basis points. So even in his private years, when we look at his forecasts, they were way, way off.

Let us look at the rate increases in 1990. As Chairman of the Federal Reserve, Greenspan's forecasting abilities continued to leave much to be desired. Again, according to the June 9, 1995 Investors' Business Daily:

In February 1989, despite clear evidence of a slowdown, the Greenspan Fed pushed its benchmark interest rate higher, to 9.75 percent. The Federal Open Market Committee based its decision on staff advice that the recession was low, according to the minutes from that period. The Fed did not start easing rates again until June, too late to avoid a recession. In fact, transcripts indicate that the Fed was contemplating interest rate increases for much of the earlier part of 1990.

During the August 21, 1990 Federal Open Market Committee hearing, there was much discussion about the possibility that the U.S. economy had slipped into a recession. Backed up by his economists, Greenspan believed there was significant evidence that showed the economy was not in a recession; it was merely sluggish. And thus his quote here:

I think there are several things we can say with some degree of certainty; namely, that those who argue that we are already in a recession I think are reasonably certain to be wrong.

He goes on to say in the sense that we do have weekly data that suggests, as others have mentioned, that there was no evidence of deterioration in what was a very sluggish pattern. Yet, the recession started in July of 1990. Now, you might say this is a little early.

Two months later, at an October 2, 1990, Federal Open Market Committee hearing, Mr. Greenspan used a meteorological analogy to strengthen his argument that the U.S. economy had not slipped into recession. Mind you, we started the recession in July. We are now in October, about 3 months into the recession. And here is what Mr. Greenspan said:

I still think we're in a situation in which there are forecasts of thunderstorms, and everyone is saying, ''Well, the thunder has occurred and the lightning has occurred and it's raining,'' but nobody has stuck his hand out the window. And the point is, it isn't raining. The point is, as best I can judge, that the third quarter GNP figures in the green book are not phony. I think they are relatively hard numbers. They can get revised. They are being put down more and more, but the economy has not yet slipped into a recession.

The actual words of Mr. Greenspan, October 2, 1990. I will not get into the thunder and lightning and the rain and all that kind of stuff. What he was saying is, oh, there is all this talk about a recession but, he said, I have looked at the numbers and it is not there. We had been in a recession for 3 months. He was very wrong.

The economy actually went into a recession in July 1990, a month before Iraq invaded Kuwait, by the way. Not only did Mr. Greenspan miss the oncoming recession, he missed it when he was in the middle of it. And he did little to reverse its negative effects.

In testimony before the Senate Banking Committee he rejected measures to put Americans back to work by saying proposals by Democrats to stimulate economic growth by pumping more Federal money into public works programs were ''risky'' and ''probably counterproductive.'' Instead, he denied the economy had gone flat and predicted a moderate 2.5 percent growth rate that year rising as high as 3 percent in 1993. The GDP only grew 2.2 percent in 1993.

Even Senator D'AMATO said at a July 1992 hearing:

I believe the Federal Reserve has acted in an almost timid manner. You, (Mr. Greenspan) don't know what's taking place on Main Street.

That is a quote of my colleague from New York, Senator D'AMATO. That was quoted in the Indianapolis Star, July 22, 1992.

I think that brings us to a period of time that I want to dwell on at some length tomorrow, that is, the period of 1994 into 1995. As I said earlier today, when I tell people that Mr. Greenspan raised interest rates 100 percent in one year, February 1994 to February 1995, people cannot believe it. They have never heard of such a thing.

Yet, here is what happened. The Federal funds rate in February 1994 was 3.05 percent. In May they went to 4.25; March they went to 3.5; April, 3.75; in May of 1994 to 4.25. So from February to May, that is one, two, three—that is four increases already. And in August another increase. November another increase. February another increase. By the time February of 1995 came around, the Federal funds rate was 6 percent, up from 3.05 percent 1 year earlier. A 100 percent increase in 1 year.

And again, why? Was there inflation? Even Mr. Greenspan during that period of time said he did not really see inflation. I will have those quotes and I will have those words.

But I just wanted to make the point here before I close—I see I have some other people on the floor who want to speak; probably about other items—that Mr. Greenspan was wrong when he was head of the Council of Economic Advisers. He was wrong when he was in private business. Now as Chairman of the Fed, when we are in the midst of a recession, he says he does not see it happening. Then in 1994, with little threat of increasing inflation, he raises interest rates 100 percent. That hit working families hard. It slowed our economy down. I think it is a large part of some of the problems we have now with the stagnation in our wages.

Mr. Greenspan can have all kinds of reasons why he raised the interest rates. But the fact is, there was absolutely no inflation threatening at all at that period of time. I am going to have more to say tomorrow about 1994 and 1995. I will have the quotes from Mr. Greenspan when he basically said that he did not think there was any inflation threatening. But he went ahead and raised interest rates.

What has happened? You might say, OK, interest rates went up 100 percent. But that was February 1995. Since February 1995, throughout now, we have had not seen inflation increase. So have interest rates come back down? Three-quarters of a point. Three-quarters of a point.

In fact, the last time they came down, in January, I believe a quarter of a point, there was all this talk about how the Fed was now reducing interest rates. But the fact is, as Mort Zuckerman pointed this out in his editorial—I will read that tomorrow also—in U.S. News & World Report, pointing out that actually there was not a decrease in interest rates. It was an increase in interest rates. Why? Because during the previous period of time, inflation had fallen more than a quarter of a point. Inflation fell by more than a quarter of a point and interest rates only came down a quarter point. Real interest rates were still high. It was not a real reduction, a reduction in real interest rates.

We have had this 100 percent increase in interest rates, 1994 to 1995. Since that time Mr. Greenspan has only reduced interest rates three-quarters of a point. So I believe American working families, American workers, the middle class, the real middle class in America, is overburdened by too much debt and too high interest rates. It is sapping our economy and hurting our small businesses. It is hurting our productive sector, and it is hurting farming and manufacturing.

As I said, it is hurting our working families. It is hurting the real middle-class America, not Congressman HEINEMAN's middle class, but the real middle class. The Congressman from North Carolina stated last year that he believed the real middle class were people who made between $300,000 and $700,000 a year. That is not the real middle class.

The real middle class is feeling really pinched these days. They are pinched by high interest rates that do not need to be there. They are only there because Mr. Greenspan, I believe, has an

inordinate, unhealthy fear of the specter of inflation. That has caused the kind of hair-trigger approach that they have at the Fed that any time there is even the specter on the horizon of inflation, they will move to increase interest rates, to the point now, that the bond markets react even before they do it because they think they are going to do it.

So I am going to discuss the 100 percent increase in interest rates, 1994 to 1995, why that happened, why at least I think it happened, and the fact that interest rates should have come back down to that previous level by now and could come down, not in one fell swoop, but could have over a period of time. That could have really strengthened our economy.

As I said, that is nothing personal. I agree with Mr. DORGAN. I have nothing personal against Mr. Greenspan. I assume he is a very bright, intelligent individual. But I believe that his policies, I believe that his mindset, are locked in the past. After all, this is an individual who as late as last year in committee on the record said that he did, indeed, believe in going back to the gold standard, he would support going back to the gold standard.

Well, I do not know how many economists believe that. But I think you get that kind of mindset that says, yes, he would like to be on the gold standard again. Well, that may have been a good thing at one time, but the world has moved, the economy has moved. We are in a little different situation today. I daresay anyone who believes that we ought to go back to the gold standard is the same kind of person who would have this inordinate attitude that we must keep relatively high interest rates no matter what, even if inflation is less than 2 percent.

I believe it does a disservice to our economy, it does a disservice to America, and it does a disservice to our next generation of young people coming along. We need to grow this economy. We can do all we want here in the Congress. Because of budget constraints, there is nothing we are going to do that could in any way affect the growth of our economy as much as lowering interest rates by the Fed could. That probably will not happen as long as we have Mr. Greenspan.

(The remarks of Mr. HARKIN pertaining to the introduction of S. 1876 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

BOSNIA

Mr. INHOFE. Mr. President, I have been very distressed, as many people have, over the recent developments in Bosnia, statements that have been made, attributed to a number of our high-ranking officials, including Secretary of Defense William Perry.

Many of us were quite outspoken in our opposition to sending troops into Bosnia back when the decision was made by the President and his administration. I can remember having the resolution of disapproval that I had with Senator HUTCHISON. We only lost that by four votes. One of the selling points on the floor was this is going to be a mission that will be completed, successfully completed, and the troops will be out in a period of 12 months. None of us believed that at that time.

I can remember so well on October 17 of 1995, the Senator from New Mexico, Senator BINGAMAN, asked the question of Secretary Perry: ''What do we contemplate as far as a remaining presence once the one-year period is up, or once the IFOR troop development is complete? Would we expect to see some residual NATO force remain?''

Secretary Perry responded:

> ''I expect that the security— that the function of external forces maintaining security will be accomplished by then . . . The IFOR, the NATO force which is responsible, an external force for maintaining security—we expect that function to be completed in one year and the forces to be completely removed.''

Later in testimony before the Senate Armed Services Committee, he said: ''The implementation force will complete its mission in a period not to exceed 12 months. We believe this will be more than adequate to accomplish the needed tasks that will allow the peace to be self-sustaining. As we did in Haiti, we anticipate the IFOR will go in heavy and, if successful''—a key phrase—''would begin drawing down significantly far in advance of the final exit date,'' that exit date being 12 months.

We keep hearing how successful the operation is, so we assume, if successful, that condition has been met. He was talking about drawing down the forces far in advance of the 12-month period that he committed to.

I suggest the commitment was much stronger. I asked in that committee meeting: ''Are you saying to this committee on the record that 12 months is it, and after 12 months we are out of there?''

I remember that distinctly because I asked the question of General Shalikashvili: ''Can you tell me any time in military history when you had an exit strategy that is geared to time as opposed to events.'' That was October 17.

General Shalikashvili, the Chairman of the Joint Chiefs of Staff, also responded at that time to a question asked by Senator ROBB of Virginia. The response was: ''From a military perspective,'' this is General Shalikashvili, Chairman of the Joint Chiefs of Staff, the top guy, ''From a military perspective, as I evaluated the tasks we wished this force to accomplish, it was my judgment that in fact can be done in 12 months or less.''

Right after that, Mr. President, I wanted to see for myself, and I spent some time and went over to Bosnia, went alone, and talked to a number of the commanders. Not a single U.S. NATO or U.N. commander thought the peace in Bosnia could be achieved in anything close to 12 months. I thought I would talk to the people in the northeast sector, which is that sector assigned for our troops, our thousands of troops that would go over there and accomplish some mission that is still not real clear to me. I could not get there, only to find out that no American had been up there in the northeast sector.

I remember so well a very attractive British general by the name of Rupert Smith, who we will be hearing a lot from. He is quite a figure. He took pity on me after the second or third day and agreed to help me get up there. So we did, in a driving snowstorm, go up to the northeast sector, where we talked to those individuals up there with the United Nations.

The commander at that time, from Norway, was General Haukland, who said at that time when I said, ''Can you assure us that our participation up in this northeast sector can be done and the mission accomplished and we can be out of here in 12 months,'' and they all started laughing. General Haukland used the analogy, he said, ''Senator, it is like putting your hand in water and then leaving it there 12 months, and you take it out of there and everything is back the way it was, and you cannot tell your hand was there in the first place.'' He started talking about the responsibilities we would have to keep peace up there. At one time, when I said, ''12 months,'' he said, ''You mean 12 years.''

''No, we mean 12 months.''

It was a very distressing experience. When we came back, we had another Senate Armed Services Committee, and we repeated the questions to Secretary of Defense Bill Perry and General John Shalikashvili. Again, they were emphatic that it would be done. Of course, that is when we had the lengthy debate on the resolution.

I will read to you out of the CONGRESSIONAL RECORD from December 13 from this floor, right here, quoting myself:

> But the administration cannot have it both ways. President Clinton cannot say that our vital interests are threatened in Bosnia and at the same time pledge that we will be out of Bosnia in a year. If two vital interests—European security and NATO alliance—are truly threatened in Bosnia, how can there be a one-year statute of limitations on our response? Since when are American vital interests only worth one year's commitment? . . . If there are vital interests at stake, the administration should be honest and tell the American people that we are committed to Bosnia for a longer period of time.

In the last few days, Tuesday's Washington Post: '' * * * A consensus is growing among senior NATO officials that a substantial NATO-led follow-on force will likely patrol Yugoslavia well into 1997, according to alliance officials in and Western diplomats.''

Strong indications are that United States troops will stay in Bosnia for much longer than 1 year.

Finally, yesterday, the other shoe dropped, and Secretary Perry said,

''NATO will not want simply to give up on the investment that we have made in Bosnia.''

This is a kind of a creep that we get into. We make a commitment, and while mission creep is a very realistic thing, this is commitment creep. We are now saying we will be there for a longer period of time.

I wanted to be proven wrong, but I was right when I said on this floor on December 13, 1995, and I have to repeat it now because this will become a major issue:

The simple truth, Mr. President, is that the Republic of Bosnia and Herzegovina is about to become America's pet country. The United States of America is going to own Bosnia and all of her problems just as soon as the 1st armored division sets up in Tuzla. Does anyone really believe that we will leave Bosnia in a year if the threat to her stability remains? Does anyone really believe after arming, training, and equipping the Bosnian army for a year that we will stand by and watch if our pet army is on the verge of defeat? Of course not; if Bosnia is as important as the administration says it is, we will stay in Bosnia as long as we have to . . . I say to my colleagues—

December 13.

We are on the verge of what may be a very long commitment.

I am not saying that to say we were prophetic at that time, Mr. President. I am only saying that we made that statement. I firmly believe there are more than four Senators who would have voted for the resolution of disapproval if the administration had been honest with us and admitted to us that our commitment was going to be longer than 1 year. They were not honest with us. They were not honest with America. That was just a commitment that happens to coincide with the reelection in November of this current year.

I think it is something we have to address. We will have to make a decision. Are we going to stay in until some tragedy takes place? I remember so well—I am not being partisan, I am not just being a Republican on this floor—it was George Bush in December 1992 that sent the first American troops over to another commitment that we had, with the idea they would be coming back in 90 days, and of course Bill Clinton took office in January 1993, and the troops stayed over in Somalia. It was not until 18 of our troops were brutally murdered and their corpses dragged through the streets of Mogadishu that the American people finally put enough pressure on the administration to bring our troops home.

I see the same type of analogy right here, that we could leave them there indefinitely. I can tell you right now if they do not stay with that 1-year commitment, it will not be just another few days, another week or another month; it will be exactly as every U.N. commander, U.N. and NATO force that we dealt with said it was going to be and predicted, as we told the American people.

It is going to be a much longer period of time. This is a very serious thing. We are going to have American troops at risk. It is far more serious than the other one; that is, while we are deploying troops all around the world on missions that are either peacemaking or peacekeeping—and the world is expecting us to do this now all the way from the Near East to the Far East to the Middle East—now they are expecting us to come in on the Golan and come into the Gaza on peacemaking and peacekeeping missions at the same time we are sending our American troops. We are depleting our very scarce resources. As I said earlier on the floor today, we have been cutting our military budgets each year for 12 consecutive years, and we are in the same position we were back in 1980.

So it exacerbates that problem to think we are going to be leaving troops over there longer than this period of time. I am deeply distressed about developments in the Middle East, and about the things we are hearing out of Iraq.

I remember so well when the Saddam Hussein—the guy who murders his own grandchildren—made a statement 5 years ago that if we had waited 5 years to invade Kuwait he would have had the capability of reaching the United States with a missile with a weapon of mass destruction. This is a very serious thing.

So we are making it even worse by leaving troops in place where the President committed to the American people the troops would be out in a period of 12 months. I never believed they would. Most of the people here never believed they would. I suggested there are many people who would have voted in favor of a resolution of disapproval to keep our troops out of it. Now we are in the position where I would lead the charge to support our troops over there, but we have to go back to the original mission, keep our commitment to the American people, and keep our commitment to this Congress and to the Senate Armed Services Committee.

So I serve notice to the administration at this time that it is not going to be easy for them to leave our troops over there past the time that they promised and committed to us the troops would be back.

I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

NOMINATION OF ALAN GREENSPAN TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The Senate continued with the consideration of the nomination.

Mr. GRASSLEY. Mr. President, I am very pleased to support the reappointment of Alan Greenspan to the chairmanship of the Federal Reserve Board. If we want to do something about the economy, if we want to do something about creating jobs and keeping the economy moving, it seems to me that the first step we can take is the quick approval of the nomination of Alan Greenspan. It has been on the agenda quite a while. I think that we ought to move forward.

I have had a chance to observe several Chairmen of the Federal Reserve Board. I look at what these Chairmen do not in the way of specific policy but in the way of bringing stability, in the way of bringing confidence, to the system. It seems to me that Alan Greenspan has been very good at bringing confidence to the system. Confidence is very important in a free market economy. Particularly where a Government like ours is so dominate in the economy, with about 23 percent of the gross national product being our Federal budget. The fact that we may make erratic decisions in Government, or unpredictable decisions, or even send the signal that we might be about to make some bad decision, can have a very tremendous impact upon the economy; whether the President makes the decision, or whether the Congress makes it. The public is very suspicious of the Government making irresponsible decisions in an election year. All of this brings a lack of confidence in Government action, having a very detrimental impact upon the economy.

So when you have a steady hand like Chairman Greenspan tends to have, it seems to me that it builds confidence. He has given a very good stewardship to the American financial system. He has had a very consoling influence over the economy. He has had a sound policy.

If we are going to build the economy and create jobs, it means that we need to approve this type of steady person to be Chairman of the Federal Reserve Board. The fact that we are raising some questions about whether he should be confirmed and that we are taking so long to get him confirmed, seems to me to be disconcerting to a lot of people who otherwise, if they had confidence that Congress is going to make responsible decisions, would move forward with those business, economic, and investment decisions that are going to create jobs.

So I think the reappointment of Alan Greenspan is nothing but good news for jobs and for the economy. He has had the confidence of three Presidents of different philosophies. I believe he has proven himself to be an effective inflation fighter. Big Government types might be disappointed in the announcement. But the fact is that Chairman Greenspan has held the line on inflation, and that has been a big part of helping the economy grow.

The economy I believe grows because Greenspan himself is a personality. There is a certain amount of confidence building in what he does. He kind of leadership exudes confidence through his personality. This confidence is so necessary for job creation, or I should say for the investment that brings about job creation.

We have just spent a lot of time talking about balancing the budget. This very day we passed a budget resolution balancing the budget in 6 years. Unfortunately, not 7 years like we were talking about last year, because we lost that opportunity when the President of the United States vetoed the first balanced budget act that a Congress had passed in a generation. He vetoed it on December 5.

If you wonder if Congress can pass a balanced budget, yes. Congress can do it. But we cannot do it over a Presidential veto. So we start out again as we did today to balance the budget.

If we balance the budget, if we create a situation where Government is going to live within its means—and a policy of living within our means is a much more predictable policy and sends a more clear signal about the economy—then people are going to have more confidence in what Congress is going to be doing in the future. Just balancing the budget will reduce interest rates by 2 percent. Chairman Greenspan has said that. That is going to have a very positive impact upon investment and job creation, particularly in small business where 70 percent of the jobs are created in our economy.

But when Congress has not balanced the budget for a generation—27 years to be exact—when Congress is fiscally irresponsible over such a long period of time, the public has to have confidence that there is some nonpolitical entity out there that is going to be a counterbalance to the irresponsible fiscal decisions made by the elected branch of Government—the Congress and the President.

The more Congress acts with fiscal responsibility, the less significant is the job of the Federal Reserve Board to offset the bad decisions made by the Congress.

If the people who raise questions about the impact of the Federal Reserve, and what they would consider negative impacts of the Federal Reserve on the economy, would put their muscle and shoulder behind having a sound fiscal policy passed by the Congress of the United States, then they would not have to be so concerned about the Federal Reserve. There would be less concern of inflation and less for the Federal Reserve to do. The more satisfied the Chairman would be, and the less there would be observation by the financial centers of the world about what he might be saying. We would all be working together to build the confidence that it takes to create jobs and to encourage investment to do it.

So we, in this body, ought to be putting our energy to not so much fighting the appointment of Chairman Greenspan but to being more fiscally responsible. Those particularly on the other side of the aisle should have encouraged their President to sign the first Balanced Budget Act that had been passed in a generation to get us on the road to fiscal responsibility and to build the confidence that encourages investment and creates jobs. Further, they should stop putting on the shoulders of our children and grandchildren our living high on the hog in this generation. The immoral aspect of our being materialistic and not caring about who pays for the bill has, more sadly, deprived our children and grandchildren of the American dream. They deserve a life without being saddled with paying for an out-of-control Government.

Alan Greenspan has been a strong and consistent advocate of our balancing the budget. While we have been spending time debating, Chairman Greenspan has been on the front line fighting the results of big Government spending, the deficit and the potential inflation that that brings about, especially high interest rates. The Federal Government is more and more every day in the line seeking credit—we always tend to be first in the credit line and the Federal Government will pay whatever it takes to borrow what is needed—affecting interest rates. And the private sector borrowers, who are next in line, are going to pay more than what the Federal Government pays to borrow money. There is going to be less investment and less jobs created because of that. Because he is an inflation fighter, because he helps build confidence, he has saved jobs by keeping inflation in check and he has helped to provide a steady climate for business to grow.

There is a recent Journal of Commerce editorial that states, ''the Fed and Mr. Greenspan have done their jobs well. The economy has been growing at a decent rate.''

The editorial goes on to quote the chairman of the Senate Banking Committee, Senator D'AMATO, that Americans have ''benefited from a lengthy period of stable, predictable prices, making purchase and investment decisions much more efficient.''

The big Government types in Washington think that only the Federal Government can spend money efficiently. The Federal Government can spend money very efficiently, but the efficiency with which we spend the money is more related to the rapidity with which we spend money, and not the efficiency with how much we get out of each dollar that is being spent. There is going to be more economic progress made by that dollar being spent in the private sector than being spent in the public sector. More jobs will be created as a result of the private sector, and that is the efficiency that Senator D'AMATO speaks about.

I know there are those who would still like nothing more than to start up the Government printing presses and to push more money into the economy, to reflate, as some people would say. But inflation is the result. And inflation is a sales tax on the consumers of America. It is an expense on interest being borrowed. It is just another tax that is the most regressive tax that you can have. It is a tax applied regardless of ability to pay.

For those people on the other side of the aisle who are always talking about: We have to tax the high incomes, tax the wealthy, tax the corporations, be progressive in the taxation—I wish they were as concerned in the war against inflation as Chairman Greenspan is, of how regressive the tax of inflation is upon the poor people of America.

Those who want to start up the printing presses believe that is the way to make the economy grow, a way to solve economic problems. That was the old way for Government to do business. It is still too much a part of Government, but not as much of a part, as it has been under a lot of other people. All of the previous Chairmen's jobs were more difficult because of an irresponsible Congress for a generation, I might say. I do not tend to blame the Federal Reserve Board. They are always acting after the fact. They are always looking at what is a responsible Congress doing, or, rather is it being irresponsible? The blame ought to rest with us, but it is always easier to push it off onto somebody else.

So, all Americans can be thankful that Chairman Greenspan does not walk down the path of inflation, of inflating our way out of the problem. For all Americans today recognize the wisdom of fiscal responsibility. That is why we have 80 percent of the people of America who expect us to pass a constitutional amendment requiring a balanced budget. It does not matter whether that is fiscal responsibility in the Congress or in the administration, because they know, if we do that, we are going to have a responsible monetary policy.

It is ironic, perhaps, that when he was first nominated to the Federal Reserve by President Reagan, many thought that Mr. Greenspan would not be aggressive enough against inflation. We must remember that he was replacing one of those legendary inflation fighters of all times, former Chairman Paul Volcker. All of us remember how Chairman Volcker tamed sky-high interest rates that were hurting ordinary Americans. Many were fearful of a return to that time. Now, being nominated to a third term, the criticism is being leveled from the opposite direction. ''Alan Greenspan is being too tough on inflation,'' these critics say. ''Alan Greenspan should lower interest rates and free up money,'' they say.

There is one way to lower interest rates effectively to the benefit of the American people and American businesses. That way is to have a sound fiscal policy in the Congress of the United States. It is the best way to build confidence. I suppose somebody could argue you do not always have to have a balanced budget to have a sound fiscal policy because I suppose you could measure it over the long haul, but over the long haul we have been totally irresponsible, year after year, for 27 years.

It might sound idealistic, but at least, if you have a balanced budget and the public can predict you are going to live within a balanced budget, that helps to build confidence. Because the more we can do in Government that lends to predictability, the more confidence we are going to build. So, that way is to balance the Federal budget. Nothing could be more beneficial to the American economy than if we in Congress could get our own spending habits under control.

During the debate on the farm bill last year, and this gets back to interest rates being lower as a result of our balancing the budget, I had an opportunity to ask the Food and Agriculture Policy Research Institute, an institute working in tandem between the University of Missouri and Iowa State University—I asked the Institute what benefit it would be to agriculture if Congress balanced the budget. This institute replied that, if the Federal budget were balanced by the year 2002, the yearly benefit to agricultural economy would be $2.3 billion due to interest rate reductions. On top of that increased cash flow from increased economic activity would be another $300 million yearly into the profitability of agriculture. So this adds up to a total increase of $2.6 billion per year, just for agriculture, if Congress balances the budget.

The Institute's findings are based on the Congressional Budget Office estimate that short-term interest rates would decrease 1.1 percent, and long-term interest rates would decline 1.7 percent. That is still under what Chairman Greenspan said that interest rates would go down to if we were to balance the budget. Everybody knows, whether it is small business or agriculture, interest rates are extremely important to profitability. Farming happens to be a very highly capital intensive industry. Land is expensive and getting more expensive, and farm machinery is expensive. The lower the interest rates the better for our farmers. Small business benefits as well. We all understand the need of lower interest rates.

But, again, it is better to achieve those lower interest rates through congressional action on a balanced budget, not on some inflationary action by the Federal Reserve.

A recent editorial in the Washington Post said it so well—that editorial states:

> There will always be a debate about how fast the economy can safely be allowed to grow and where the balance point exists between the risk of renewed inflation and lingering slack. The more success the Fed has had in combating inflation, lately, the more that risk has seemed to recede. But that hardly means that the board's policies have been wrong.

The editorial continues:

> Our own sense is that the board has both less latitude and less fine control of the economy than some of the rhetoric surrounding its decisions would suggest. Its ability to tilt in the direction of growth is further constrained by Congress itself. The budget deficit they have compiled in recent years has given the board little choice but to lean on the brakes as an offset. Mr. Greenspan seems to have done the job in navigating a narrow channel.

I think that says it better than anything I can say. But it reemphasizes, from the Washington Post editorial, the significant difficulty of Chairman Greenspan's job and the Federal Reserve's job of fighting inflation when Congress is fiscally irresponsible.

If we want the economy to grow, we do that by having a predictable fiscal policy, and that is best done when we are committed to balancing the budget year after year after year. In turn, people then can look at the Federal Reserve and say they do not have a very important job; their job is less significant than our decisionmaking of business investment and the number of jobs that would be created, bringing about a stable economy.

Congress has not been responsible. So in the meantime, we have to have a master who can stabilize the economy. It seems to me that Alan Greenspan serves that purpose. We have seen real growth. We have seen real confidence. We have seen people investing more money in the stock market daily. We have seen new highs achieved in the stock market. If you do not think that is an important indicator, the President is talking about it all the time as a measure of why he should be reelected.

But if we want to encourage growth, we have no further to look than ourselves in this body and the other body. Balancing the Federal budget will promote and ensure economic growth. Confirming Alan Greenspan to a new term as Chairman of the Federal Reserve will keep inflation under control and promote economic stability. The American people need this stability because it is the only way we are going to create the jobs we have to create to keep the American dream alive.

I yield the floor.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. AKAKA. Mr. President, I ask unanimous consent to speak as in morning business for 10 minutes.

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

Mr. AKAKA. I thank the Chair.

(The remarks of Mr. AKAKA pertaining to the introduction of S. 1878 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. AKAKA. Mr. President, I yield the floor.

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

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

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

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

SENSELESS BURNING OF CHURCHES

Mrs. HUTCHISON. Mr. President. I have introduced a resolution against the senseless burning of churches that we have witnessed and, really, just become aware of in recent weeks. The latest one, unfortunately, is in my State. So I want to speak out on this issue for a few minutes.

Let me say, I think all of us have been horrified that a place of worship would be a place to be chosen by terrorists to desecrate. We all know in this country, whatever our religious preference is, how important a part of our lives the place of worship is, that it is a part of our communities, part of our families and part of what makes America so wonderful, that we do have the freedom of religion and the ability to come together to worship God in a way that we want to do.

It is because of that very special place that churches hold in our society that it is particularly awful that we see a burning of churches in any way, but especially in what seems to be a pattern. In fact, since 1991, there have been 110 such incidents of church arson that have been reported.

I picked up the phone this week and called Chester Thomas, who is the pastor at the New Light House of Prayer in Greenville, TX. This church was burned to the ground. Mr. President, I never cease to be amazed at how wonderful people can be in a time of crisis. And, truly, Pastor Thomas is a person that inspires me because he is so upbeat about the experience that he has just had. He told me that they have been experiencing burglaries in the church and vandalism. But now, of course, they have lost the church. It was burned to the ground. But he said that he had just come from a service that was put together by another church in Greenville, TX, a church that said, "Come and worship with us. Bring your congregation to our congregation, and we are going to work together to rebuild what you have lost."

You know, that is what America is—reaching out in a time of crisis that helps heal the wounds for something that really is unexplainable such as burning down a place of worship. But Pastor Thomas was very, very upbeat about it. He said, "We are going to come together, and this is going to make us stronger, and I love the people of this community. I even love the person that did this terrible act, because I know whoever it is is a troubled person."

Well, we can learn a lot from Pastor Thomas. I am here today to say to Pastor Thomas and to all of the people

who worship at the New Light House of Prayer in Greenville, TX, as well as the people who worship in the Church of the Living God in Greenville, TX, which was not destroyed but which was burned and is badly damaged, I am here to say to them that all of America cares, that this is not right, and we must condemn the burning, the desecrating and the destruction of religious property.

In fact, I am reading from the resolution that condemns the burning, desecrating, and destruction of religious property. We urge Federal law enforcement authority to expeditiously and vigilantly investigate and appropriately punish the perpetrators of these heinous crimes.

Mr. President, this is something that we can all come together and fight for. We will work with the President. We will work with the entire U.S. Senate and the entire U.S. Congress to say that we want to put teeth in the laws that would keep this from happening, because you are tearing down the very spirit of a community when you desecrate a place of worship. We do not want to do that. We want to speak out against it.

So I say to Pastor Thomas and to his whole congregation, to the people who also worship at the Church of the Living God in Greenville, TX, that we must to stand together against this, and by doing so, we will learn the lesson from Pastor Thomas. We will be stronger. We will be stronger as communities. We will be stronger as a country.

Mr. President, I wanted to read the list of the cosponsors of this resolution. Besides myself, they are Senators GRAMM, FAIRCLOTH, MCCONNELL, COCHRAN, THURMOND, COVERDELL, HELMS, D'AMATO, MURKOWSKI, WARNER, NICKLES, and ABRAHAM.

COMMENDING BECKY CAIN

Mr. BYRD. Mr. President, I would like to take a moment to commend the efforts of a fellow West Virginian, Becky Cain, for her enormous contribution to her State and country. Since Ms. Cain's days as a high school civics and American government teacher, she has worked to reverse the trend of low voter turnout and the lack of citizens' participation in politics.

In the 1970's, Ms. Cain began to volunteer for the League of Women's Voters, a nonprofit organization aimed at increasing the political participation of American women. Constantly on the search for new voters, she did not leave her days of manning voter registration tables behind when she became president of the League in 1992.

Mr. President, as president of the League, a volunteer post, Ms. Cain decided that the organization should undertake projects that would rebuild voters' faith in the political system. She has made it her mission to attack the apathy and distance between citizens and their government, a recurring problem that the League hopes to cure. Becky Cain and the League of Women Voters of the United States have made great strides toward this goal with the passage of the National Voter Registration Act, or the ''motor-voter'' law, in 1995. The ''motor-voter'' law has generated the greatest increase in voter registration since the late 19th century, registering some eleven million voters.

Ms. Cain and the League are now focusing on encouraging registered voters to take the second step and to responsibly vote. They have joined the Ladies' Home Journal in an effort to educate women voters by running political features aimed at women's issues.

Ms. Cain has been active in West Virginia for more than 20 years, working on numerous advisory boards to the government on issues such as environmental protection and health care reform. Her experience in grass roots movements has helped her to keep in touch with the voters as she fulfills the responsibilities of her national position in the League.

Mr. President, Ms. Becky Cain has ably served her fellow West Virginians and the American people through her participation on advisory boards, as well as her volunteer work for the League of Women Voters for the United States. She is a West Virginian who embodies the qualities and character of a leader, and I salute her for her commitment to the American political process. I ask unanimous consent that a recent article in the National Journal, entitled ''She's in a League of Her Own,'' be printed in the RECORD.

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

[From the Natural Journal, May 4, 1996]

SHE'S IN A LEAGUE OF HER OWN

(By Eliza Mewlin Carney)

When Becky Cain started staffing voter registration tables for the League of Women Voters of the U.S. in the 1970s, she frequently ran into people who were embarrassed to admit that they had failed to sign up to vote.

Now that she's president of the league, one of the nation's oldest nonprofit dedicated to citizen political participation, Cain still goes to malls and state fairs in search of new voters. But these days the public reaction is different.

''We get people saying: 'No. No way. I don't want to legitimize that system with my participation.' That's a whole different change in attitude,'' Cain said. ''They are choosing—deliberately choosing—not to participate in a system that they think is broken.

To Cain, a former teacher of high school civics and American government, that change is alarming. Cain's concern has helped prompt the league this year to pursue several projects aimed at rebuilding voters' faith in the political system and at closing the gulf between citizens and their government.

Since 1992, when Cain became president, a volunteer post, the league has scored one of its most important victories: the passage of the National Voter Registration Act, or ''motor-voter'' law, which took effect last year. Some 11 million citizens registered to vote in 1995, and another 9 million are expected to do so by November—the largest increase since the late 19th century, the league maintains.

Now it's time to make sure that those voters take the next stop and actually pull the lever, Cain said. In addition to a full roster of league get-out-the-vote and voter education activities, Cain's group has teamed up with the Ladies' Home Journal on a massive ''Power the Vote!'' campaign to increase women's political participation, which poll show has recently declined. (For more on the drop in women's voting, see NJ 4/13/96, p. 824.)

The league and the New York City-based Journal have set up a toll-free number to help people register and vote, as well as a World Wide Web site that offers how-to tips on rating debates, understanding political polls and interpreting campaign ads. Between now and November, the Journal, which has a circulation of 4.5 million, will also run political features aimed at women.

It's one of dozens of ambitious league partnerships formed under Cain, 48, who has been working her way up the group's ranks since 1975. A citizen activist in West Virginia for more than two decades, her eclectic background includes grass-roots political work and a stint as West Virginia's deputy secretary of state. She's also served on dozens of government advisory boards set up to tackle issues ranging from environmental protection to health care reform.

Her hands-on political savvy has helped Cain win powerful allies and raise the league's profile. The nonprofit, nonpartisan organization enjoys credibility on both ends of the political spectrum, and a healthy budget adds to its clout. The organization and its educational affiliate, the League of Women Voters Education Fund, spent upwards of $5 million last year.

But Cain's down-to-earth, ebullient personality has never allowed her to lose touch with voters and their day-to-day concerns, her colleagues say. Cain still lives in West Virginia, in a town outside the capital called St. Albans, and commutes by plane two or three days a week to the league's Washington headquarters. (The league reimburses her for the propeller plane rides, which officials say are cheaper than if Cain rented an apartment in Washington.) Much of her time is spent on the road visiting the league's 1,200 affiliates.

''She is very much in touch with not only what league members are doing, but with the politics of the country, which I think is an extremely important thing to bring into an organization,'' said Ann McBride, president of Common Cause, which is collaborating with the league and other like-minded groups on a grass-roots lobbying drive to promote campaign finance reform.

The league's education fund is helping to host a series of ''citizen assemblies'' nationwide that explore the relationship between money and politics. Dubbed ''Money + Politics: People Change the Equation,'' the project is a team effort with the Harwood Group, a Bethesda (Md.)-based research firm. The idea is to improve public understanding and to brainstorm new solutions to the campaign reform quandary.

If the league can help fight the malaise that's driving citizens from politics, Cain said, the 76-year-old organization will, in a sense, have come full circle. Originally launched by women who'd recently won the right to vote, the league has long sought to educate voters about citizenship and coax them to the polls. To Cain, that mandate is timelier than ever.

''We're seeing this erosion of people's trust and faith in the democratic process, in the health of our democracy,'' Cain said. ''Right now, Americans are opting out of the system. That's new, and that scares us. Because

we believe in the common good. And you can't get the common good if we're not all at the table.''

HONORING SENATOR MARK HATFIELD

Mr. BYRD. Mr. President, on June 11, 1996, a dinner honoring Senator MARK HATFIELD, who will be retiring from the U.S. Senate in January, was hosted by Senator STEVENS and myself in the National Archives Rotunda. I was privileged to make remarks at this salute to my good friend and colleague, Senator HATFIELD. I ask unanimous consent that my remarks, as delivered, be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR BYRD

The great Supreme Court Justice Oliver Wendell Holmes once observed that, ''Life is painting a picture, not doing a sum.''

And, indeed, the transcendent life requires much, much more than a mere balance sheet of wins versus losses. Just as shade, hue and the subtle use of light distinguish great art, delicate nuances of character, honor and intellect provide the defining elements of a sublime human existence.

The man we honor here tonight has painted a life portrait worthy of Rembrandt. A deeply religious man, Mark Hatfield has done one of the hardest things in life for mere mortals to do. He has actually lived, and even more incredibly conducted a political career in near-perfect accordance with the teachings of his personal faith.

Mark Hatfield has been a faithful disciple of his own conscience. He has maintained that fidelity despite intense pressure sometimes from his own party. He has gone against the grain of popular public opinion. He was right about Vietnam when most of the rest of us, including myself, were wrong. He has sailed his boat against the wind time and time again, and only grown stronger from the experience. He has been called a ''maverick;'' yet, the quiet demeanor and ever gentle way of his conversation belie none of the steel in his spine.

The blind poet, Milton, wrote, ''Give me the liberty to know, to utter, and to argue freely, according to conscience above all liberties.'' We celebrate tonight the life and achievements of a man who has always known, and uttered, and argued freely from the dictates of his own keen inner voice. He is an inspiration to anyone who has been fortunate enough to watch him or to serve with him in public life. His kind is rare and growing rarer still in this vast city of towering egos, silly pretensions, and paper-mache values. Senator Hatfield is, in the words of Edwin Markham, ''a man to hold against the world, a man to match the mountains and the sea.''

Mark Hatfield's decision to return to the peaceful Oregon countryside leaves the United States Senate and this great country with a special kind of uneasy void. The political landscape of this nation will be suddenly starker for his leaving. Markham's words come once again to mind:

''. . . He held the ridgepole up, and spiked again
The rafters of the Home. He held his place—
Held the long purpose like a growing tree—
Held on through blame and faltered not at praise.
And when he fell in whirlwind, he went down
As when a lordly cedar, green with boughs,
Goes down with a great shout upon the hills,
And leaves a lonesome place against the sky.''

RECOGNIZING THE 25TH ANNIVERSARY OF THE CLOSE UP FOUNDATION

Mr. NICKLES. Mr. President, I want to take this opportunity to congratulate the Close Up Foundation on the celebration of its 25th anniversary.

I would like to start this tribute by recognizing Close Up's Oklahoma roots. A fellow Oklahoman, Harry Janger, encouraged and guided his son, Steve, in the creation of the Close Up Foundation. While we are saddened by Harry's passing earlier this year, his legacy lives on. Steve Janger, the president and founder of Close Up, is a native Oklahoman. He is a graduate of the University of Oklahoma, the former president of the university's alumni association, and a continuing supporter of the university. Steve's family still resides in Oklahoma and he visits home as often as possible.

The strength Oklahoma gives to Close Up does not end with Steve Janger. He has involved many other Oklahomans on the foundation's board of directors. From the beginning, Close Up has benefitted from several distinguished graduates of the University of Oklahoma—Tom Kenan, Max Berry, and Gordon Zuber. Several years later, Joel Jankowsky, another distinguished Oklahoman, joined the Close Up board. These Oklahomans and the other board members serve without compensation and devote many hours of work to ensure the well-being of the foundation.

Their hard work and commitment has paid off. Close Up is the Nation's largest civic education organization, bringing approximately 25,000 participants a year to Washington for its various citizenship education programs. Close Up has participants from all 50 States, the District of Columbia, Puerto Rico, and the Pacific Island territories. Their principal program is the Washington High School Program. In addition, Close Up has developed programs for various special constituencies, in keeping with their mission of trying to reach at-risk or underserved students. This commitment has resulted in the creation of the program for new Americans, the program for Older Americans, a program for American Indians and Alaska Natives, and a program for Pacific Islanders.

Close Up's participants include all kinds of kids, from the academically gifted to those who struggle to stay in school. There are students with disabilities, students from inner cities, rural areas and suburban areas. There are students from all ethnic backgrounds and from all economic situations that are served by Close Up's efforts. Congress has appropriately recognized the importance of Close Up Foundation's work with students from virtually every background imaginable.

The uniqueness of Close Up is that it takes all of these students and puts them together for a week of learning. What results are strangers becoming best friends, young people breaking down stereotypes, and all of them learning the important lesson that as different as we all are, we all share the common bond of American citizenship and the responsibility for ensuring its continued greatness.

Mr. President, I want to congratulate Steve Janger, all of the other Oklahomans, and the thousands of people who have been associated with Close Up for the past 25 years. I wish them great success as they begin their work for another 25 years.

FOREIGN OIL CONSUMED BY THE UNITED STATES? HERE'S WEEKLY BOX SCORE

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending June 7, the United States imported 8,000,000 barrels of oil each day, 1,100,000 barrels more than the 6,900,000 barrels imported during the same week a year ago.

Americans relied on foreign oil for 56 percent of their needs last week, and there are no signs that this upward spiral will abate. Before the Persian Gulf war, the United States obtained about 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970's, foreign oil accounted for only 35 percent of America's oil supply.

Anybody else interested in restoring domestic production of oil? U.S. producers provide jobs for American workers. Politicians had better ponder the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the United States—now 8,000,000 barrels a day.

INDIANAPOLIS 500 WINNER BUDDY LAZIER

Mr. CAMPBELL. Mr. President, as a sports enthusiast, I take great pride on coming to the floor today to acknowledge the extraordinary accomplishments of members of the sports community from my home State of Colorado.

To begin, I would like to pay tribute to Buddy Lazier, winner of the 80th annual Indianapolis 500 which took place this past Memorial Day. Buddy, a resident of Vail, CO, comes from a family with a history in race car driving, his father also being an Indy car competitor and finisher.

Winning this event would be a tremendous achievement for any race car driver. What makes Buddy's victory so special is the personal courage and strength that it took for him to even compete in the race, for it was only this past March that Buddy suffered a broken back as the result of a crash that occurred in Phoenix, AZ.

Barely 9 weeks prior to the Indy 500, Buddy was still in the hospital recovering, feeling no sensation in either his hands or feet. And, yet, Buddy arrived at the Indy 500 prepared to compete with every other driver, and in the end, was victorious in race car driving's most prestigious race. It takes an enormous amount of strength, both emotional and physical, for someone to overcome obstacles such as these. However, the recovery period for Buddy is far from over. He still experiences pain from his back injury. In fact, he had to be assisted out of the cockpit of his car when he reached the winner's circle that day.

As a motor sports enthusiast, I would like to commend Buddy on his skill and courage, and I'm certain all Coloradans will join with me in congratulating Buddy and wishing him well for a full and speedy recovery.

COLORADO AVALANCHE VICTORY

Mr. CAMPBELL. Mr. President, I would like to recognize the recent success of Colorado's national hockey league, the Colorado Avalanche. As many in this Chamber already know, the Colorado Avalanche won the Stanley Cup during the early morning hours of Wednesday the 12th, after an incredible triple-overtime 1 to 0 win over the Florida Panthers. This victory marks the first world championship in a major sport for Colorado, the Centennial State.

We were fortunate enough to have the Avalanche move to Colorado from Quebec, where they were known as the Nordiques. This last year was their very first season playing in Colorado, and their defeat of the Panthers make the Avalanche only the second expansion team in professional sports history to win a championship in its opening season.

During the course of the playoffs, the Avalanche also set a number of other records. For instance, the final game against the Panthers is now on record as being the longest scoreless game in finals history, with Uwe Krupp's winning goal coming after 104 minutes and 31 seconds of play.

In closing, Mr. President, I would like to commend both the Colorado Avalanche and the Florida Panthers on an exciting Stanley Cup final, and I congratulate the Avalanche on a job well done. I yield the floor.

THE VERY BAD FEDERAL DEBT BOXSCORE

Mr. HELMS. Mr. President, in making these daily reports about the Federal debt, which I began on February 27, 1992, I have tried to avoid partisan comment. But if I were a young American, just beginning my career, or just beginning to set up my family, I would be greatly concerned at the breakdown of the Senate vote on the budget resolution earlier today.

No, I would be more than concerned. I would be angry. The American people have demonstrated a hundred times in countless different ways that they want the tragic finances of the Federal Government cleaned up. They want a balanced Federal budget. They want Federal spending to be brought under control.

But in all fairness, Mr. President, when one looks at the 53 to 46 vote today on the budget resolution, it is apparent that the finances of the Federal Government are not going to be cleaned up, and the Federal budget is not going to be balanced, and Federal spending is not going to be brought under control. Not by the 104th Congress in any event.

Mr. President, the budget resolution approved today by the votes of 53 Republicans is not really going to help the young people of America who are now moving into maturity. The best that can be said of it is that it's better than doing nothing. None of the 46 Senators who today voted against the resolution has made any noticeable effort to cut Federal spending except for occasional efforts to try to downgrade our Nation's national defense.

As a result, the Federal debt, which today exceeds $5 trillion by more than $100 billion, will stand at a minimum of $6.5 trillion shortly after the turn of the century. Even under the resolution approved today, the interest on the Federal debt in 1997 will cost the taxpayers more than $282 billion; and in the year 2002, the American taxpayers will be socked for a minimum of $302 billion just to pay the interest on the debt that the Congress of the United States will have run up by that time.

Where did I get these figures? I got them by calling the Congressional Budget Office which acknowledged that the sad story I've outlined here probably will be even worse on the taxpayers than today's CBO's computations.

Mr. President, 4 years ago when I commenced these daily reports to the Senate it was my purpose to make a matter of daily record the exact Federal debt as of the close of business the previous day.

In that first report on February 27, 1992, the Federal debt at the close of business the previous day stood at $3,825,891,293,066.80. Fast forward to yesterday when, at the close of business, a total of $1,315,395,536,138.33 had been added to the Federal debt since February 26, 1992.

Yesterday, Wednesday, June 12, 1996, the exact Federal debt stood at $5,141,286,829,205.13 at the close of business. On a per capita basis, every man, woman, and child in America owes $19,396.59 as his or her share of the Federal debt. But since the majority of Americans are children, or are unemployed, or pay only a small amount of taxes, the ''per capita'' computation is almost meaningless. You might want to ponder what your share of the debt really is.

And today's young people really have an enormous burden facing them in the 20th century.

LABELCRAFTERS OF SOUTH DAKOTA, INC.

Mr. DASCHLE. Mr. President, I want to share a story of how one South Dakota family turned their vision and entrepreneurial drive into a thriving business. ''We had one press, one employee, and zero customers.'' That statement tells the story of the beginning of Labelcrafters of South Dakota, Inc., the Sioux Falls-based company honored by the Small Business Administration. Del and Janice Buttolph started Labelcrafters in 1987 and 9 years later are being named the South Dakota Small Business Persons of the Year. They manufacture pressure-sensitive labels for a variety of manufacturers in the four-State region.

The Buttolphs met with me here in Washington, DC, during Small Business Week. That statement about their beginning is indicative of the risk-taking, entrepreneurial spirit, and dedication small business owners like Del and Janice Buttolph bring to a business startup. I know from my discussions with them that they brought great talent and experience to this venture.

The Labelcrafter motto is ''Quality and Service—Our Priority.'' Acting on this motto has resulted in growth to 27 employees and three state-of-the-art presses with a fourth on the way. In fact, they plan on expanding into a larger building next year.

We all strive to learn the ingredients of a successful business startup. Besides their commitment to quality and service, I was most impressed by their commitment to treating their employees well. They provide employees with health, life, and disability insurance, a 401(k) plan matched by the company, and well-paying jobs. I hope their experience is an inspiration not only to budding entrepreneurs, but to established companies as well.

The Buttolphs were helped in this venture by the Small Business Administration, which provided timely and technical advice and cost-sensitive capital through the local bank. This public-private collaboration worked exactly as it was designed by Congress. As a result of their initiative and dedication, the Buttolphs produce a quality product, provide excellent service, and run a profitable business that benefits their 27 employees and the Sioux Falls community.

MESSAGES FROM THE HOUSE

At 10:58 a.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 concurrent resolution (H. Con. Res. 172) authorizing the 1996 Summer Olympic Torch Relay to be run through the Capitol Grounds, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent

resolution (H. Con. Res. 178) establishing the congressional budget for the U.S. Government for fiscal year 1997 and setting forth appropriate budgetary levels for fiscal years 1998, 1999, 2000, 2001, and 2002.

The message further announced that the House agrees to the following concurrent resolution, without amendment:

S. Con. Res. 63. Concurrent resolution to express the sense of Congress that the Secretary of Agriculture should dispose of all remaining commodities in the disaster reserve maintained under the Agricultural Act of 1970 to relieve the distress of livestock producers whose ability to maintain livestock is adversely affected by disaster conditions existing in certain areas of the United States, such as prolonged drought or flooding, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2909. An act to amend the Silvio O. Conte National Fish and Wildlife Refuge Act to provide that the Secretary of the Interior may acquire lands for purposes of that Act only by donation or exchange, or otherwise with the consent of the owner of the lands.

H.R. 3603. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 2909. An act to amend the Silvio O. Conte National Fish and Wildlife Refuge Act to provide that the Secretary of the Interior may acquire lands for purposes of that Act only by donation or exchange, or otherwise with the consent of the owner of the lands; to the Committee on Environment and Public Works.

H.R. 3603. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and other purposes; to the Committee on Appropriations.

Pursuant to the order of May 23, 1996, the following bill was referred to the Committee on Indian Affairs for a period not to exceed 10 session days:

H.R. 3286. An act to help families defray adoption costs, and to promote the adoption of minority children.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–3026. A communication from the Secretary of the Department of Education, transmitting, pursuant to law, the report entitled ''Semiannual Report to Congress on Audit Follow-Up''; to the Committee on Governmental Affairs.

EC–3027. A communication from the Secretary of Education, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3028. A communication from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1994; to the Committee on Governmental Affairs.

EC–3029. A communication from the Secretary of Labor, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3030. A communication from the Secretary of Commerce, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3031. A communication from the Secretary of Energy, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3032. A communication from the Attorney General, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3033. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3034. A communication from the Secretary of Veterans' Affairs, transmitting, pursuant to law, the report under the Inspector General Act for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3035. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 11-268 adopted by the Council on May 5, 1996; to the Committee on Governmental Affairs.

EC–3036. A communication from the Director of the Office of Personnel Management, transmitting, pursuant to law, a notice of approval for a personnel management demonstration project for the Department of the Air Force; to the Committee on Governmental Affairs.

EC–3037. A communication from the Director of the Office of Personnel Management, transmitting, pursuant to law, the semiannual report of the Inspector General and the Management Response for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3038. A communication from the Administrator of the U.S. Environmental Protection Agency, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3039. A communication from the Federal Co-Chairman of the Appalachian Regional Commission, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3040. A communication from the Tennessee Valley Authority, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1994; to the Committee on Governmental Affairs.

EC–3041. A communication from the Chairman of the Board of Directors of the Panama Canal Commission, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3042. A communication from the Secretary of the Smithsonian Institution, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3043. A communication from the Executive Director of the Committee For Purchase From People Who Are Blind Or Severely Disabled, transmitting, pursuant to law, a rule relative to additions to the procurement list, received on June 4, 1996; to the Committee on Governmental Affairs.

EC–3044. A communication from the Chief Operating Officer and President of the Resolution Funding Corporation, transmitting, pursuant to law, the report of financial statements and other reports for calendar years 1994 and 1995; to the Committee on Governmental Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–584. A joint resolution adopted by the Legislature of the State of California; to the Committee on Energy and Natural Resources.

''SENATE JOINT RESOLUTION NO. 13

''Whereas, the Secretary of the Interior has proposed rules concerning R.S. 2477, rights-of-way on public lands, and these proposed rules would create a hardship on the state; and

''Whereas, longstanding and previously accepted public property rights could be legislatively extinguished, because the rule requires all public rights-of-way across lands administered by the Bureau of Land Management, National Park Service, and Fish and Wildlife Service to be reclaimed within two years, and a failure to reclaim these lands would constitute an automatic relinquishment of the rights-of-way; and

''Whereas, the burden of proving the validity of all existing public rights-of-way is placed upon the local government and the proposed rules would require local governments to immediately initiate a labor-intensive and time-consuming validity determination process; and

''Whereas, in view of the fact that most rural governmental agencies would not have sufficient staff or funding to comply with the proposed federal validity requirements, the likely result is a loss of many public rights-of-way; and

''Whereas, where a valid right-of-way is subsequently recognized by the Department of the Interior, maintenance or reconstruction activities associated with the right-of-way, that occurred after October 1976, may be deemed an unauthorized use or trespass; and

''Whereas, the determination of validity will be vested in the ''authorized officer'' which is defined as the Director of the Bureau of Land Management, the Regional Director of the United States Department of Fish and Wildlife, and the Regional Director of the National Parks Service, or a combination of those officials; and

''Whereas, compliance with, and interpretation of, those validity determination requirements will most likely result in a complex bureaucratic process for local governmental agencies; and

''Whereas, during the validity determination process, routine maintenance activities

could be denied because they would be subject to review and approval by the appropriate federal agency; and

''Whereas, in the event of an accident, that delay could result in serious liability issues for the local government previously responsible for maintenance of the right-of-way; and

''Whereas, R.S. 2477, constitutes another significant unfunded federal mandate, and illustrates the problems created by the proliferation of unfunded mandates; and

''Whereas, the costs incurred as a result of the validity determination process would not be reimbursed by the federal government and the process could result in forfeiture of rights-of-way by those local governments unable to bear the costs of the process: Now, therefore, be it

''*Resolved by the Senate and Assembly of the State of California, jointly,* that the Legislature of the State of California respectfully memorializes the President and Congress of the United States to enact legislation that would temporarily prevent the Secretary of the Interior from implementing the proposed rule changes regarding R.S. 2477, as published August 1, 1994, in the Federal Register governing rights-of-way access across federal public lands, until such time that Congress can reexamine the issue of public rights-of-way in collaboration with affected states, local governments, landowners, and the general public; and be it further

''*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, the Secretary of the Interior, the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.''

POM–585. A joint resolution adopted by the Legislature of the Commonwealth of Virginia; to the Committee on Energy and Natural Resources.

''HOUSE JOINT RESOLUTION NO. 159

''Whereas, the Federal Surface Mining Act of 1977 has been adopted by the Commonwealth of Virginia; and

''Whereas, the current reclamation laws require complete elimination of all highwalls; and

''Whereas, this requirement discourages the use and economical remining of abandoned strip mine sites in southwest Virginia; and

''Whereas, the remining of such abandoned sites would increase employment and provide usable reclaimed property for housing and industrial development; and

''Whereas, the General Assembly of Virginia appreciates and supports reasonable safeguards to protect watershed, streams, water supplies and citizens; and

''Whereas, the General Assembly of Virginia believes that government funds now being used to reclaim abandoned sites should be substantially used to supply potable water to coalfield residents; and

''Whereas, the General Assembly of Virginia supports the appropriate amendments to all applicable federal and state laws and regulations which would encourage and allow the remining of previously strip-mined sites under the appropriate safeguards to ensure protection of the public safety and welfare: Now, therefore, be it

''*Resolved by the House of Delegates, the Senate concurring,* That the Congress be urged to support appropriate amendments to federal laws to encourage the remining of previously strip-mined sites; and, be it

''*Resolved further,* That the Clerk of the House of Delegates transmit copies of this resolution to the Speaker of the United States House of Representatives, the President of the United States Senate, the Virginia Liaison Office, and the members of the Virginia Congressional Delegation so that they may be apprised of the sense of the General Assembly of Virginia.''

POM–586. A joint resolution adopted by the Legislature of the Commonwealth of Virginia; to the Committee on Energy and Natural Resources.

''SENATE JOINT RESOLUTION NO. 64

''Whereas, the Federal Surface Mining Act of 1977 has been adopted by the Commonwealth of Virginia; and

''Whereas, the current reclamation laws require complete elimination of all highwalls; and

''Whereas, this requirement discourages the use and economical re-mining of abandoned strip mine sites in Southwest Virginia; and

''Whereas, the re-mining of such abandoned sites would increase employment and provide usable reclaimed property for housing and industrial development; and

''Whereas, the General Assembly of Virginia appreciates and supports reasonable safeguards to protect watersheds, streams, water supplies and citizens; and

''Whereas, the General Assembly believes that government funds now being used to reclaim abandoned sites should be substantially used to supply potable water to coalfield residents; and

''Whereas, the General Assembly of Virginia supports the appropriate amendments to all applicable federal and state laws and regulations which would encourage and allow the re-mining of previously strip-mined sites under the appropriate safeguards to ensure protection of the public safety and welfare: Now, therefore, be it

''*Resolved by the Senate the House of Delegates concurring,* That the Congress of the United States be urged to support appropriate amendments to federal laws to encourage the re-mining of previously strip-mined sites; and, be it

''*Resolved further,* That the Clerk of the Senate transmit copies of this resolution to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Virginia Congressional Delegation in order that they may be apprised of the sense of the General Assembly of Virginia.''

POM–587. A resolution adopted by the Senate of the Legislature of the State of Georgia to the Committee on Energy and Natural Resources.

''SENATE RESOLUTION NO. 433

''Whereas a proposal has been made to the United States Congress to sell facilities used by the Southeastern Power Administration (SEPA) which is headquartered in Elbert County, Georgia; and

''Whereas, these facilities, which include nine hydroelectric dams, provide electric power and reservoirs for Georgia; and

''Whereas, all of these facilities, operated by the United States Army Corps of Engineers, also provide the public with needed fish and wildlife resources, municipal, industrial, and agricultural water supplies, flood control, reservoir and downstream recreational uses, and river water level regulation; and

''Whereas, such proposed sale would give too little assurance that these assets will be administered with due consideration to the purposes of the facilities not related to power production, such as water supply, flood control, navigation, recreation, and environmental protection; and

''Whereas, the revenue from the electricity generated by the hydroelectric dams exceeds the retirement obligations of the construction bonds and costs of operation and maintenance for these facilities; and

''Whereas, many Georgians served by these facilities could likely experience significant rate increases in electricity and water as a result of this sale: Now, therefore, be it.

''*Resolved by the Senate,* That the members of this body urge the United States Congress to reevaluate the negative impacts of this proposal and avoid any transfer of federal dams, resources, turbines, generators, transmission lines, and related power marketing association facilities.

''*Resolved,* That the Secretary of the Senate is authorized and directed to transmit an appropriate copy of this resolution to the Speaker of the United States House of Representatives, and presiding officer of the United States Senate, and members of the Georgia congressional delegation.''

POM–588 A concurrent resolution adopted by the Legislature of the State of Arizona to the Committee on Energy and Natural Resources.

''HOUSE CONCURRENT MEMORIAL 2001

''Whereas, wise and enlightened management is vital to preserving the vital resources of the vast rural areas of the west in general and the state of Arizona in particular, including environmental, scenic, wildlife, habitat, land and water resources; and

''Whereas, most of Arizona's rural lands are characterized by a patchwork of federal, state and private land ownership patterns, resulting in divergent uses and management goals and practices; and

''Whereas, the disunity of management fails the public interest and the public expectation of the optimal use and protection of the land and its resources; and

''Whereas, holistic resource management practices have proven to be a successful method of incorporating the critical environmental and habitat requirements of plant and animal species with the resource requirements of the public; and

''Whereas, holistic practices involve the participation and sponsorship of all parties with an interest in resource management and thus bring together otherwise competing and opposing interests to work cooperatively toward a united goal; and

''Whereas, federal land managers, vital elements in achieving overall consistency, are frequently constrained from participating in comprehensive resource planning because of narrowly focused policies imposed by remote and hierarchical organizational orientation; and

''Whereas, federal resource management needs to be incorporated into a broader, community based approach to reach the best public good.

''Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

''1. That the Congress of the United States enact legislation to allow comprehensive holistic resource management of federal lands along with state and private lands and authorize federal land management agencies to study and determine the management practices that provide a comprehensive overview to benefit all resources, including plant and animal species.

''2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of the Arizona Congressional Delegation.''

POM–589. A concurrent resolution adopted by the Legislature of the State of Arizona; to

the Committee on Energy and Natural Resources.

HOUSE CONCURRENT MEMORIAL 2002

''Whereas, on July 18, 1995 Governor Fife Symington established the Arizona preserve initiative task force to evaluate and recommend appropriate ownership and management alternatives for environmentally sensitive state trust lands; and

''Whereas, the task force identified over six hundred thousand acres of state trust lands that have unique and significant public values; and

''Whereas, the task force recommended that these lands be conserved and protected from incompatible use so that their value as undeveloped open land can be enjoyed by future generations; and

''Whereas, the task force considered many factors, including the potential threats to the land, potential uses of the land, the open space value of the land, conservation strategies and alternative management options, entities and agencies, in order to arrive at the optimum recommendations with regard to the several study areas; and

''Whereas, several areas of state trust land are adjacent to and within federal management areas and suitable for conveyance to the federal government in order to preserve them from uses that are incompatible with their preservation value; and

''Whereas, the federal government has used a condemnation process in the past to acquire state property and provide payment with federal lands of equal value that are more suitable for lease or sale for revenue purposes for the state trust beneficiaries; and

''Whereas, the condemnation process has had and could have significant environmental benefits for land management and major financial benefits for the trust beneficiaries; and

''Whereas, meetings on this issue have occurred between state and federal land management agencies over several years and a tentative condemnation package has been discussed; and

''Whereas, the condemnation process requires congressional authorization.

''Wherefore, your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

''1. That the Congress of the United States enact legislation to authorize federal acquisition of designated environmentally sensitive state trust lands in the State of Arizona that are best suited for conservation by condemnation and repayment to the state trust with federal lands of equal value that are suitable for future lease or sale for revenue generation for the trust beneficiaries, and which are acceptable to the state, except that state trust land shall not be condemned for expansion of the Buenos Aires national wildlife refuge.

''2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of the Arizona Congressional Delegation.''

POM–590. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on Energy and Natural Resources.

''HOUSE CONCURRENT MEMORIAL 2007

''Whereas, livestock production and open range grazing have played a major role in the cultural and economic development of the western states and, along with mining, timbering and homesteading, were a principal incentive for western settlement. Today, many western ranchers depend on designated federal lands to graze their livestock, and meat production is an important use of federal lands that benefits the public at large; and

''Whereas, the Taylor Grazing Act of 1934 put grazing resources under federal government supervision and authorized the Secretary of the Interior to charge reasonable fees for grazing on federal lands. Since then, federal legislation such as the Environmental Protection Act of 1969, the Federal Land Policy and Management Act of 1976 and the Public Rangelands Improvement Act of 1978 have maintained restrictions on livestock grazing on federal lands and have reinforced the intent of the federal government to retain ownership of these public lands; and

''Whereas, grazing regulations must strike a fair balance between the concept of compensating the public for use of its lands and ensuring proper protection of these resources while considering the implications of grazing fees or restrictions on individual ranching operations. Recently, however, the Secretary of the Interior implemented new public rangeland regulations that severely restrict livestock grazing on federal lands; and

''Whereas, both houses of the Congress have proposed legislation that would replace these regulations with others that balance both environmental and livestock grazing interests by promoting better management techniques that do not penalize western livestock ranchers. This legislation would, among other things, require the Secretary of the Interior, after consulting with relevant state officials, to set standards and guidelines for rangeland management at a regional, state or county level, allow nongrazing parties from the affected rangeland areas to participate in resource advisory councils that would advise the Secretary of the Interior on federal land use and provide for a modest increase in grazing fees that does not threaten the livelihood of western ranchers; and

''Whereas, many of the issues related to grazing on public lands are of regional and state concern, yet the new regulations implemented by the Secretary of the Interior include minimum national standards, covering all federal grazing areas, that fail to consider the specific, varying rangeland conditions in the individual states. In deference to state and local interests, the Secretary of the Interior should issue grazing guidelines on a state or regional, not national, basis, in consultation with the states' agricultural authorities; and

''Whereas, the members of the Forty-second Legislature of the State of Arizona support this state's ranchers and find that the grazing regulations recently adopted by the current administration impose extreme restrictions that threaten to shut down their ranching operations. If the federal government is unable to maintain equitable and productive multiple uses, including grazing, on federal lands, this state willingly accepts the responsibility to do so.

''Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

''1. That the Congress of the United States provide needed relief to the ranching industry by enacting legislation that protects the use of federal lands for livestock grazing.

''2. That the Congress of the United States encourage federal agencies, including the United States Forest Service and the United States Fish and Wildlife Services, to adopt a cooperative approach, when feasible, in promptly resolving livestock grazing issues.

''3. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States and each Member of the Arizona Congressional Delegation.''

POM–591. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on Energy and Natural Resources.

''HOUSE CONCURRENT MEMORIAL 2006

''Whereas, millions of acres of trees and brush are at unnaturally high densities that choke the national forests in Arizona where dead, downed vegetation and foliage provide high hazard conditions for catastrophic wildfires; and

''Whereas, fire suppression capability cannot provide adequate fire protection for the vast expanse of national forest land and tens of thousands of private homes within Arizona; and

''Whereas, with the current situation of Arizona's national forest land, the question is not whether we will have catastrophic fires but rather when and where these fires will occur, threatening not only this state's abundant natural resources, but its citizens and communities as well.

''Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

''1. That the Congress of the United States immediately encourage the United States Forest Service to implement already authorized emergency timber sales to reduce fire hazard in the many communities that interface with national forests, reduce continuous landscape forest fuel loads, widen the highway corridors that pass through Arizona's national forests, prepare emergency access and egress routes through the national forests where local fire fighting agencies deem it necessary and to provide forest fuel breaks around populated areas located adjacent to high risk national forest lands.

''2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States and each Member of the Arizona Congressional Delegation.''

POM–592. A concurrent resolution adopted by the Legislature of the State of Arizona; to the Committee on Energy and Natural Resources.

''HOUSE CONCURRENT MEMORIAL 2005

''Whereas, the government of the United States has recognized the Tohono O'Odham tribe of Indians and has established the Tohono O'Odham Indian reservation on which the tribe may exist and preserve its identity, society and culture; and

''Whereas, the reservation contains many sites that are significant to the tribe's traditional cultural and religious heritage; and

''Whereas, a particular site that is sacred to the Tohono O'Odham Indians, Baboquivari peak, is only partially included in the reservation; and

''Whereas, a portion of Baboquivari peak, adjacent to the reservation, is owned by the federal government, and is thus not currently protected or preserved for the benefit of the Tohono O'Odham people.

''Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

''1. That the Congress of the United States enact legislation to transfer in trust that portion of Baboquivari peak consisting of federal lands for inclusion in the Tohono O'Odham Indian reservation.

''2. That the Secretary of State of the State of Arizona transmit certified copies of this Memorial to the President of the United States Senate, the Speaker of the United

States House of Representatives and to each Member of the Arizona Congressional Delegation.''

POM–593. A concurrent resolution adopted by the Legislature of the State of Louisiana; to the Committee on Energy and Natural Resources.

''SENATE CONCURRENT RESOLUTION NO. 19

''Whereas, Vernon, Beauregard, and the surrounding parishes rely heavily on the continuing economic support of Fort Polk; and

''Whereas, the potential transfer of portions of the Kisatchie National Forest should ensure the stability and permanence of the Fort Polk military base and possibly lead to its future expansion; and

''Whereas, the potential transfer of lands of the Kisatchie National Forest should not result in the expropriation of any privately owned property; and

''Whereas, if Congress transfers these lands, there should be no infringement upon private landowners' rights to their property by the military presence; and

''Whereas, the stewardship of the lands of Kisatchie National Forest should remain with the United States Forest Service in the event of such land transfer; and

''Whereas, if the transfer occurs, Fort Polk should ensure that the forest lands be subject to periodic inspection by the Environmental Protection Agency to address environmental concerns; and

''Whereas, if Congress transfers the lands, Fort Polk should use the land for maneuvering exercises without the use of live artillery or toxins which may endanger the public and indigenous wildlife; and

''Whereas, if the land transfer occurs, Fort Polk will give the public access to the forest at times it deems prudent: therefore, be it

''*Resolved*, That the Legislature of Louisiana memorializes the Congress of the United States to transfer certain portions of the lands of the Kisatchie National Forest to the Fort Polk military base provided that the viability of the military base is ensured, that there will be no infringement upon property owners' rights to their land, and that environmental concerns will be addressed; be it further

''*Resolved,* That a copy of this Resolution shall be transmitted to the secretary of the United States Senate and the clerk of the United States House of Representatives and to each member of the Louisiana congressional delegation.''

POW–594. A joint resolution adopted by the Legislature of the State of New Hampshire to the Committee on Energy and Natural Resources.

''HOUSE JOINT RESOLUTION

''Whereas, much of New Hampshire's air pollution results from air pollutants and their precursors transported into the state from upwind sources including electricity generation stations; and

''Whereas, the Energy Policy Act of 1992 requires the Federal Energy Regulatory Commission (FERC) to implement increased competition in the electric utility industry, but does not relieve FERC or other federal agencies of their responsibility and obligation to act in the public interest and to carefully review and mitigate critical environmental and health impacts that may result from open access to transmission services; and

''Whereas, FERC's draft Environmental Impact Statement on its Notice of Proposed Rulemaking Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Service by Public Utilities (the ''Mega-NOPR''), asserts that sizable increases in air pollution could occur due to a shift from cleaner generation sources to cheaper and dirtier generators, but then greatly underestimates FERC's obligation to mitigate the impact of its proposed Mega-NOPR actions, by selecting an inappropriate base case which assumes incremental implementation of the same policy of open transmission access, instead of selecting the more appropriate base case of no action and current air quality trends; and

''Whereas, there is sufficient underutilized electric generating capacity in midwestern states, subject to much lower air emissions standards than competitors in northeastern states, so that implementing open transmission access, without more appropriate, comparable and equitable environmental regulation, could result in increased electricity generation in midwestern states and significant additional air pollution transport to northeastern states; and

''Whereas, federal air pollution regulation of electric generators has too often been inappropriately based almost exclusively on air quality in the vicinity of the generator, without sufficient consideration of the effects of transport of pollutants to downwind areas; and

''Whereas, a considerable burden has been placed on New Hampshire by its designation as part of the Ozone Transport Region delineated by the Clean Air Act Amendments of 1990, despite considerable evidence that New Hampshire's exceedances of federal ambient air quality standards are overwhelmingly due to transported air pollution from upwind states; and

''Whereas, New Hampshire's electric rates have been much higher than the national average for many years, a substantial cause of which has been New Hampshire's pursuit over many years of lesser-polluting electricity sources as alternatives to construction of additional lower-cost, higher polluting coal-fired stations; and

''Whereas, New Hampshire, as a result of its Reasonably Available Control Technology (RACT) requirements for its own electrical generating stations, has shown that state-of-the-art selective catalytic reduction (SCR) RACT equipment installed at New Hampshire's largest coal-fired electrical generating station is a cost-effective method for reducing emissions of oxides of nitrogen (NOx), and would be cost-effective in other states as well; and

''Whereas, the costs for upwind electric generators to make similar source emission reductions, particularly in coal-fired stations, typically appear to be significantly smaller than the costs to northeastern states to compensate for transported air pollution by imposing more expensive mitigation measures on other sources of pollution; and

''Whereas, such source mitigation costs also appear to be only a small fraction of the potential additional revenue from increased generation by low cost coal-fired generators as a result of FERC's Mega-NOPR; and

''Whereas, Governor Stephen Merrill indicated in a July 20, 1995 letter to EPA Administrator Carol Browner that New Hampshire is not willing to subsidize the economy, environment, health and quality of life of upwind states at the expense of those aspects of its own citizens' lives; and

''Whereas, the state of New Hampshire would strongly prefer to avoid suing the federal government and upwind states to take actions to mitigate increased air pollution resulting from FERC's actions, pursuant to the Clean Air Act Amendments of 1990 and the National Environmental Policy Act: Now, therefore, be it

''*Resolved by the Senate and House of Representatives in General Court convened*:

''That the state of New Hampshire petitions the Federal Energy Regulatory Commission to implement open access to transmission services and increased competition in the electric utility industry in a manner that supports and furthers the goals of environmental improvement, such as by stipulating that all electricity generators transmitting power under FERC open access rules comply with equitable and appropriate environmental regulation to reduce interstate transport of air pollutants; and

''That the state of New Hampshire further petitions the United States Environmental Protection Agency, the Council on Environmental Quality, the Federal Energy Regulatory Commission, the Congress, and the President of the United States to work together to ensure that increased competition in electricity markets be truly full, free, and fair, including equitable and appropriate environmental regulation, based on comparable scientific criteria, for all electricity generators and consumers; and to carefully consider as alternatives to existing regulatory controls, innovative market-driven forms of environmental regulation, such as valuing the costs of pollution and using pollution control offsets; and

''That copies of this resolution, signed by the president of the senate, the speaker of the house, and the governor be forwarded by the house clerk to each member of the New Hampshire Congressional delegation, the President of the United States, the President Pro-Tempore of the United States Senate, the Speaker of the United States House of Representatives, the Federal Energy Regulatory Commission, the United States Environmental Protection Agency, and the Council on Environmental Quality; and

''That this resolution is intended to be read in conjunction with HB 1392, which establishes principles for restructuring the New Hampshire utility industry, if and when it has been signed into law.''

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Committee on Finance, with amendments:

H.R. 3286. A bill to help families defray adoption costs, and to promote the adoption of minority children (Rept. No. 104–279).

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

H.R. 419. A bill for the relief of Benchmark Rail Group, Inc..

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

H.R. 1533. A bill to amend title 18, United States Code, to increase the penalty for escaping from a Federal prison.

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. Res. 226. A resolution to proclaim the week of October 13 through October 19, 1996, as ''National Character Counts Week.''

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1559. A bill to make technical corrections to title 11, United States Code, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

Mr. THURMOND. Mr. President, for the Committee on Armed Services, I report favorably the attached listing of nominations. Those identified with a double asterisk (**) are to lie on the

Secretary's desk for the information of any Senator since these names have already appeared in the CONGRESSIONAL RECORDS of January 22, March 20, April 15, 19, 25, May 6, 14, 17, and 22, 1996, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of January 22, March 20, April 15, 19, 25, May 6, 14, 17, and 22, 1996, at the end of the Senate proceedings.)

**In the Army there are 133 promotions to the grade of colonel (list begins with Loren D. Alves). (Reference No. 836.)

**In the Army there are 1,210 promotions to the grade of lieutenant colonel (list begins with Daniel F. Abahazy). (Reference No. 965.)

**in the Army there are 27 promotions to be grade of lieutenant colonel (list begins with Glen L. Bloomstrom). (Reference No. 1019.)

**In the Army there is 1 promotion to the grade of lieutenant colonel (Robert A. Childers). (Reference No. 1037.)

**In the Army Reserve there are 3 appointments to the grade of lieutenant colonel (list begins with Carl E. Dawkins, Jr.). (Reference No. 1038.)

**In the Air Force there are 11 appointments to the grade of colonel and below (list begins with Kathleen S. Bohanon). (Reference No. 1050.)

**In the Air Force Reserve there are 19 promotions to the grade of lieutenant colonel (list begins with James C. Bair). (Reference No. 1051.)

**In the Navy there are 49 appointments to the grade of lieutenant (list begins with James A. Caviness). (Reference No. 1052.)

**In the Army there is 1 promotion to the grade of lieutenant colonel (Wayne E. Anderson). (Reference No. 1072.)

**In the Army Reserve there are 10 appointments to the grade of lieutenant colonel (list begins with Timothy J. Coen). (Reference No. 1073.)

**In the Army there are 174 promotions to the grade of lieutenant colonel (list begins with Garry F. Atkins). (Reference No. 1074.)

**In the Air Force Reserve there are 2 appointments to the grade of lieutenant colonel (list begins with Thomas R. Bird). (Reference No. 1092.)

**In the Air Force Reserve there are 18 promotions to the grade of lieutenant colonel (list begins with Warren J. Andersen). (Reference No. 1093.)

**In the Air Force Reserve there are 79 promotions to the grade of colonel (list begins with Kenneth D. Allen, Jr.). (Reference No. 1094.)

**In the Marine Corps there is 1 promotion to the grade of lieutenant colonel (E. D. Elek). (Reference No. 1102.)

**In the Marine Corps there is 1 promotion to the grade of colonel (Wade C. Straw). (Reference No. 1103.)

**In the Marine Corps there is 1 promotion to the grade of lieutenant colonel (Thomas J. Felts). (Reference No. 1104.)

**In the Marine Corps there is 1 promotion to the grade of lieutenant colonel (Patrick A. Sivigny). (Reference No. 1105.)

**In the Army Reserve there are 72 promotions to the grade of colonel and below (list begins with Charles C. Appleby). (Reference No. 1106.)

**in the Army Reserve there are 90 promotions to the grade of colonel and below (list begins with Mitchell L. Brown). (Reference No. 1107.)

**In the marine Corps there are 41 promotions to the grade of lieutenant colonel and below (list begins with Ronald J. Crabbs). (Reference No. 1112.)

Total: 1,994.

IN THE AIR FORCE

The following-named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under Title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Ronald T. Kadish, 000–00–0000; U.S. Air Force

The following-named officer for appointment to the grade of general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be general

Lt. Gen. Walter Kross, 000–00–0000

IN THE ARMY

The following-named officer for reappointment to the grade of general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be general

Gen. John H. Tilelli, Jr., 000–00–0000, U.S. Army

The following-named officer for appointment to the grade of general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be general

Lt. Gen. Wesley K. Clark, 000–00–0000, U.S. Army

The following U.S. Army Reserve officers for promotion in the Reserve of the Army to the grades indicated under title 10, United States Code, sections 3371, 3384, and 12203(a):

To be major general

Brig. Gen. Paul C. Bergson, 000–00–0000
Brig. Gen. Douglas E. Caton, 000–00–0000
Brig. Gen. Anthony R. Kropp, 000–00–0000
Brig. Gen. John M. O'Connell, 000–00–0000

To be brigadier general

Col. Voneree Deloatch, 000–00–0000
Col. Robert M. Diamond, 000–00–0000
Col. Alfonsa Gilley, 000–00–0000
Col. Haywood S. Gilliam, 000–00–0000
Col. Pierce A. Roan, Jr., 000–00–0000
Col. Alfred T. Rossi, 000–00–0000
Col. Richard G. Simmons, 000–00–0000

The following-named officer for appointment to the grade of general in the United States Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be general

Lt. Gen. David A. Bramlett, 000–00–0000, U.S. Army

The following-named officer for appointment to the grade of lieutenant general in the United States Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. Peter J. Schoomaker, 000–00–0000

IN THE MARINE CORPS

The following-named brigadier generals of the U.S. Marine Corps for promotion to the grade of major general, under the provisions of section 624 of title 10, United States Code:

To be major general

Brig. Gen. Thomas A. Braaten, 000–00–0000, USMC
Brig. Gen. Michael P. DeLong, 000–00–0000, USMC
Brig. Gen. Edward Hanlon, Jr., 000–00–0000, USMC
Brig. Gen. Geoffrey B. Higginbotham, 000–00–0000, USMC
Brig. Gen. George M. Karamarkovich, 000–00–0000, USMC
Brig. Gen. Jack W. Klimp, 000–00–0000, USMC

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under the provisions of section 601, title 10, United States Code:

To be lieutenant general

Maj. Gen. Carol A. Mutter, 000–00–0000

The following-named officer for appointment as Assistant Commandant of the Marine Corps, Headquarters, U.S. Marine Corps, and appointment to the grade of general while serving in that position under the provisions of section 5044, title 10, United States Code:

To be Assistant Commandant of the Marine Corps

Lt. Gen. Richard I. Neal, 000–00–0000

The following-named officer for appointment to the grade of lieutenant general in the U. S. Marine Corps while assigned to a position of importance and responsibility under section 601, title 10, United States Code:

To be lieutenant general

Maj. Gen. Terrence R. Dake, 000–00–0000

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under section 601, title 10, United States Code:

To be lieutenant general

Maj. Gen. Jeffrey W. Oster, 000–00–0000

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under section 601, title 10, United States Code:

To be lieutenant general

Maj. Gen. James L. Jones, Jr., 000–00–0000

IN THE NAVY

The following-named officers for promotion in the U.S. Navy to the grade indicated under title 10, United States Code, section 624:

TO BE REAR ADMIRAL

Rear Adm. (lh) Edward R. Chamberlin, 000–00–0000, U.S. Navy

To be rear admiral

Rear Adm. (lh) Noel K. Dysart, Jr., 000–00–0000, U.S. Navy
Rear Adm. (lh) Dennis I. Wright, 000–00–0000, U.S. Navy

The following-named officers for promotion in the staff corps in the U.S. Navy to the grade indicated under title 10, United States Corps, section 624:

To be rear admiral (lower half)

Capt. Alberto Diaz, Jr., 000–00–0000, U.S. Navy

To be rear admiral (lower half)

Capt. David P. Keller, 000–00–0000, U.S. Navy

To be rear admiral (lower half)

Capt. Peter W. Marshall, 000–00–0000, U.S. Navy

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. (selectee) Thomas B. Fargo, 000–00–0000

The following-named officer for appointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code section 601:

To be admiral

Vice Adm. Archie R. Clemins, 000–00–0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. (selectee) Robert J. Natter, 000–00–0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. James B. Perkins III, 000–00–0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. Herbert A. Browne II, 000–00–0000

The following-named officers for promotion in the U.S. Navy Reserve to the grade indicated under title 10 United States Code, section 5912:

To be rear admiral (lower half)

Capt. John Nicholas Costas, 000–00–0000, U.S. Naval Reserve

Capt. Joseph Coleman Hare, 000–00–0000, U.S. Naval Reserve

Capt. Daniel Lawrence Kloeppel, 000–00–0000, U.S. Naval Reserve

Capt. Henry Francis White, Jr., 000–00–0000, U.S. Naval Reserve

To be rear admiral (lower half)

Capt. John Francis Brunelli, 000–00–0000, U.S. Naval Reserve

The following-named officer for appointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601, and title 42 United States Code section 7158:

To be admiral

Vice Adm. Frank L. Bowman, 000–00–0000

The following-named officer for reappointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code section 601:

To be vice admiral

Vice Adm. Arthur K. Cebrowski, 000–00–0000

The following-named officers for promotion in the U.S. Naval Reserve to the grade indicated under title 10, United States Code, section 5912:

To be rear admiral (lower half)

Capt. Vernon Paul Harrison, 000–00–0000, U.S. Naval Reserve

To be rear admiral (lower half)

Capt. Clifford Joseph Sturek, 000–00–0000, U.S. Naval Reserve

To be rear admiral (lower half)

Capt. Steven Robert Morgan, 000–00–0000, U.S. Naval Reserve

To be rear admiral (lower half)

Capt. Robert Charles Marlay, 000–00–0000, U.S. Naval Reserve

The following-named officer for appointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be admiral

Vice Adm. J. Paul Reason, 000–00–0000

The following-named officer for appointment to the grade of vice admiral in the United States Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. (selectee) Patricia A. Tracey, 000–00–0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. (selectee) James O. Ellis, Jr., 000–00–0000

By Mr. ROTH, from the Committee on Finance:

Raymond W. Kelly, of New York, to be Under Secretary of the Treasury for Enforcement.

Marcia E. Miller, of Indiana, to be a member of the U.S. International Trade Commission for the term expiring December 16, 2003.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

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. McCAIN (for himself, Mrs. KASSEBAUM, Mr. MURKOWSKI, Mr. STEVENS, and Mr. SIMON):

S. 1869. A bill to make certain technical corrections in the Indian Health Care Improvement Act, and for other purposes; to the Committee on Indian Affairs.

By Mr. MOYNIHAN:

S. 1870. A bill to establish a medical education trust fund, and for other purposes; to the Committee on Finance.

By Mr. CHAFEE:

S. 1871. A bill to expand the Pettaquamscutt Cove National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

By Mr. SIMON:

S. 1872. A bill to amend section 922(x)(5) of title 18, United States Code, relating to the prohibition of possession of a handgun by a minor, to change the definition of minor from under 18 years of age to under 21 years of age; to the Committee on the Judiciary.

By Mr. INHOFE (for himself, Mr. CHAFEE, Mr. LIEBERMAN, Mr. FAIRCLOTH, Mr. KEMPTHORNE, Mr. MOYNIHAN, Mr. REID, and Mr. LUGAR):

S. 1873. A bill to amend the National Environmental Education Act to extend the programs under the act, and for other purposes; to the Committee on Environment and Public Works.

By Mr. JOHNSTON:

S. 1874. A bill to amend sections of the Department of Energy Organization Act that are obsolete or inconsistent with other statutes and to repeal a related section of the Federal Energy Administration Act of 1974; to the Committee on Energy and Natural Resources.

By Mr. HATFIELD (for himself and Mr. WYDEN):

S. 1875. A bill to designate the United States Courthouse in Medford, Oregon, as the ''James A. Redden Federal Courthouse''; to the Committee on Environment and Public Works.

By Mr. HARKIN (for himself and Mr. BAUCUS):

S. 1876. A bill to amend chapter 89 of title 5, United States Code, to end health insurance portability for Members of Congress and eliminate continued coverage for departing Members of Congress until health insurance portability for other United States citizens is enacted into law, and for other purposes; to the Committee on Governmental Affairs.

By Mr. MURKOWSKI (for himself and Mr. STEVENS):

S. 1877. A bill to ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States; to the Committee on Energy and Natural Resources.

By Mr. AKAKA:

S. 1878. A bill to amend the Nuclear Waste Policy Act of 1982 to prohibit the licensing of a permanent or interim nuclear waste storage facility outside the 50 States or the District of Columbia, and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mrs. BOXER (for herself and Mr. GREGG):

S. Res. 262. A resolution expressing the sense of the Senate that sanctions should be imposed on the People's Republic of China until the United States Trade Representative certifies that the People's Republic of China is complying with its agreement with the United States regarding the protection of intellectual property rights; to the Committee on Finance.

By Ms. MOSELEY-BRAUN (for herself, Mr. LEVIN, Mr. DASCHLE, Mr. KEMPTHORNE, Mrs. BOXER, Mrs. FEINSTEIN, Mr. KERRY, Mr. WELLSTONE, Mr. LIEBERMAN, Mrs. MURRAY, Mr. PELL, Mr. LAUTENBERG, and Mr. INHOFE):

S. Res. 263. A resolution relating to church burning; ordered held at the desk.

By Mr. MACK (for himself, Mr. LIEBERMAN, Mr. CRAIG, and Mr. JEFFORDS):

S. Res. 264. A resolution to designate May 14, 1997, and May 14, 1998, as ''National Speak No Evil Day'', and for other purposes; to the Committee on the Judiciary.

By Mr. INOUYE (for himself and Mr. AKAKA):

S. Con. Res. 64. A concurrent resolution to recognize and honor the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II; to the Committee on the Judiciary.

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

S. Con. Res. 65. A concurrent resolution expressing the sense of the Congress that Members should understand and use the Internet to improve the democratic process and to communicate with the Internet community;

to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McCAIN (for himself, Mrs. KASSEBAUM, Mr. MURKOWSKI, Mr. STEVENS and Mr. SIMON):

S. 1869. A bill to make certain technical corrections in the Indian Health Care Improvement Act, and for other purposes; to the Committee on Indian Affairs.

THE INDIAN HEALTH CARE IMPROVEMENT TECHNICAL CORRECTIONS ACT OF 1996

Mr. McCAIN. Mr. President, I rise today on behalf of myself and Senators KASSEBAUM, MURKOWSKI, STEVENS, and SIMON to introduce legislation to make various technical amendments to the Indian Health Care Improvement Act.

The bill we are introducing today will simply make technical changes to certain provisions of the act and extend the authorization for several Indian health care demonstration programs.

Mr. President, the Congress passed the Indian Health Care Improvement Act in 1976 to raise the level of health care provided to American Indians and Alaska Native communities. While the health status of Indian people has generally improved since its enactment, it still lags far behind any other segment of our population. Health crises in every possible problem area continue to afflict many reservation communities at alarming rates. The mortality rate for diabetes exceeds the national average by 139 percent. American Indians are four times more likely to die from alcoholism than other Americans. The incidence rates for fetal alcohol syndrome among native Americans is six times the national average.

The Indian Health Care Improvement Act was enacted to meet the fundamental trust obligation of the United States to ensure that comprehensive health care would be provided to American Indians and Alaska Natives as it is provided to all other Americans. The act was amended in 1992 to extend most of the authorized programs through the year 2000, at which time the Indian Health Service is required to report to Congress on the progress of meeting the health objectives outlined in the act. Until such time, we are seeking to make minor changes to certain provisions of the act to allow maximum flexibility in the delivery of health services to American Indians and Alaska Natives and to ensure that several important tribal programs can continue through the year 2000.

First, the bill amends section 4(n), the Indian health scholarship and loan repayment fund, by modifying the definition of the term ''Health Profession.'' This modification will provide greater flexibility to the IHS to determine eligibility for financial assistance to Indians enrolled in health degree programs. Second, the bill amends section 104(b), the Indian health professions scholarship, to maximize opportunities for scholarship recipients to meet their service obligations to the IHS. It also authorizes the Secretary to waive or suspend a service or payment obligation upon death, extreme hardship conditions or bankruptcy. Next, the bill amends section 206 regarding reimbursement from certain third parties of costs of health services to clarify the provisions for individuals in collection actions for services provided by IHS or tribal health facilities. These provisions were previously adopted by the Senate on October 31, 1995 as part of S. 325, the Native American Technical Corrections Act. However, the House has not yet acted upon S. 325 because the bill contained provisions resulting in joint referrals to a number of House committees. The bill I am introducing today has been drafted to permit referral to just one House Committee.

The bill also amends section 405 to continue the Medicare/Medicaid Demonstration Program for direct billing of Medicaid, Medicare and other third party payers. The demonstration program authorizes up to four tribally-operated IHS hospitals or clinics to participate directly in the billing and receipt of Medicare/Medicaid payments rather than through the current system of channeling payments through the IHS. The four participating tribes including Mississippi Choctaw Health Center, Bristol Bay Area Health Corporation, Choctaw Tribe of Oklahoma and South East Alaska Regional Health Consortium, unanimously report successful results and satisfaction with the program. Collections for some of these tribes have since doubled due to the implementation of the program. I have also received a strong interest from other Indian tribes in expanding this program so that other eligible tribal operators may participate in this direct billing process.

The Medicare/Medicaid Demonstration Program is set to expire on September 30, 1996 at which time the Secretary of the Department of Health and Human Services will evaluate the program and provide a recommendation on whether the program should be made a permanent program. However, without this proposed extension, the four tribal participants will be forced to shut down their direct billing/collection departments and return to the old system of IHS-managed collections.

Given the highly favorable reports of the participating tribal programs, we are proposing to continue the program through the year 2000 and expand the number of eligible tribal facilities from four to twelve. The Congress will evaluate the future of the program when the Secretary has submitted the final report on the project.

Finally, the act extends the authorization for several innovative health care demonstration projects that were established as model programs to be replicated on other Indian reservations. Several of these demonstration projects, including the California Contract Health Services Demonstration Program, the Gallup Alcohol and Substance Abuse Demonstration Program, the Substance Abuse Counselor Education Demonstration Program and the Home and Community Based Care Demonstration Program, are due to sunset in this fiscal year.

While the programs expire in fiscal year 1997, the Secretary is not required to provide a report on these programs until 1999. I believe that these programs should be reauthorized through the year 2000 in order to continue the important health care services provided by these programs and to achieve consistency with other portions of the act. The bill will simply extend the authorization for these programs through the year 2000 until such time that the Secretary prepares his report on the entire Indian Health Care Improvement Act.

Mr. President, this legislation is necessary to ensure the continuation of these important health care programs for Indian people. It is my hope that we can move this bill quickly and favorably. I urge my colleagues to support the immediate passage of this legislation.

I ask unanimous consent that the full text of this bill and the section-by-section summary be printed in the RECORD.

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

S. 1869

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the ''Indian Health Care Improvement Technical Corrections Act of 1996''.

(b) REFERENCES.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of the Indian Health Care Improvement Act.

SEC. 2. TECHNICAL CORRECTIONS IN THE INDIAN HEALTH CARE IMPROVEMENT ACT.

(a) DEFINITION OF HEALTH PROFESSION.—Section 4(n) (25 U.S.C. 1603(n)) is amended—

(1) by inserting ''allopathic medicine,'' before ''family medicine''; and

(2) by striking ''and allied health professions'' and inserting ''an allied health profession, or any other health profession''.

(b) INDIAN HEALTH PROFESSIONS SCHOLARSHIPS.—Section 104(b) of the Indian Health Care Improvement Act (25 U.S.C. 1613a(b)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A)—

(i) by striking the matter preceding clause (i) and inserting the following:

''(3)(A) The active duty service obligation under a written contract with the Secretary under section 338A of the Public Health Service Act (42 U.S.C. 254l) that an individual has entered into under that section shall, if that individual is a recipient of an Indian Health Scholarship, be met in full-time practice, by service—'';

(ii) by striking ''or'' at the end of clause (iii);

(iii) by striking the period at the end of clause (iv) and inserting ''; or''; and

(iv) by adding at the end the following new clause:

''(v) in an academic setting (including a program that receives funding under section 102, 112, or 114, or any other academic setting that the Secretary, acting through the Service, determines to be appropriate for the purposes of this clause) in which the major duties and responsibilities of the recipient are the recruitment and training of Indian health professionals in the discipline of that recipient in a manner consistent with the purpose of this title, as specified in section 101.'';

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively;

(C) by inserting after subparagraph (A) the following new subparagraph:

''(B) At the request of any individual who has entered into a contract referred to in subparagraph (A) and who receives a degree in medicine (including osteopathic or allopathic medicine), dentistry, optometry, podiatry, or pharmacy, the Secretary shall defer the active duty service obligation of that individual under that contract, in order that such individual may complete any internship, residency, or other advanced clinical training that is required for the practice of that health profession, for an appropriate period (in years, as determined by the Secretary), subject to the following conditions:

''(i) No period of internship, residency, or other advanced clinical training shall be counted as satisfying any period of obligated service that is required under this section.

''(ii) The active duty service obligation of that individual shall commence not later than 90 days after the completion of that advanced clinical training (or by a date specified by the Secretary).

''(iii) The active duty service obligation will be served in the health profession of that individual, in a manner consistent with clauses (i) through (v) of subparagraph (A).'';

(D) in subparagraph (C), as so redesignated, by striking ''prescribed under section 338C of the Public Health Service Act (42 U.S.C. 254m) by service in a program specified in subparagraph (A)'' and inserting ''described in subparagraph (A) by service in a program specified in that subparagraph''; and

(E) in subparagraph (D), as so redesignated—

(i) by striking ''Subject to subparagraph (B),'' and inserting ''Subject to subparagraph (C),''; and

(ii) by striking ''prescribed under section 338C of the Public Health Service Act (42 U.S.C. 254m)'' and inserting ''described in subparagraph (A)'';

(2) in paragraph (4)—

(A) in subparagraph (B), by striking the matter preceding clause (i) and inserting the following:

''(B) the period of obligated service described in paragraph (3)(A) shall be equal to the greater of—''; and

(B) in subparagraph (C), by striking ''(42 U.S.C. 254m(g)(1)(B))'' and inserting ''(42 U.S.C. 254l(g)(1)(B))'';

(3) in paragraph (5), by adding at the end the following new subparagraphs:

''(C) Upon the death of an individual who receives an Indian Health Scholarship, any obligation of that individual for service or payment that relates to that scholarship shall be canceled.

''(D) The Secretary shall provide for the partial or total waiver or suspension of any obligation of service or payment of a recipient of an Indian Health Scholarship if the Secretary determines that—

''(i) it is not possible for the recipient to meet that obligation or make that payment;

''(ii) requiring that recipient to meet that obligation or make that payment would result in extreme hardship to the recipient; or

''(iii) the enforcement of the requirement to meet the obligation or make the payment would be unconscionable.

''(E) Notwithstanding any other provision of law, in any case of extreme hardship or for other good cause shown, the Secretary may waive, in whole or in part, the right of the United States to recover funds made available under this section.

''(F) Notwithstanding any other provision of law, with respect to a recipient of an Indian Health Scholarship, no obligation for payment may be released by a discharge in bankruptcy under title 11, United States Code, unless that discharge is granted after the expiration of the 5-year period beginning on the initial date on which that payment is due, and only if the bankruptcy court finds that the nondischarge of the obligation would be unconscionable.''.

(c) REIMBURSEMENT FROM CERTAIN THIRD PARTIES OF COSTS OF HEALTH SERVICES.—Section 206 (16 U.S.C. 1621e) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking ''Except as provided'' and inserting ''(a) RIGHT OF RECOVERY.—Except as provided'';

(ii) by striking ''the reasonable expenses incurred'' and inserting ''the reasonable charges billed'';

(iii) by striking ''in providing'' and inserting ''for providing''; and

(iv) by striking ''for such expenses'' and inserting ''for such charges''; and

(B) in paragraph (2), by striking ''such expenses'' each place it appears and inserting ''such charges'';

(2) in subsection (b), by striking ''(b) Subsection (a)'' and inserting ''(b) RECOVERY AGAINST STATE WITH WORKERS' COMPENSATION LAWS OR NO-FAULT AUTOMOBILE ACCIDENT INSURANCE PROGRAM.—Subsection (a)'';

(3) in subsection (c), by striking ''(c) No law'' and inserting ''(c) PROHIBITION OF STATE LAW OR CONTRACT PROVISION IMPEDIMENT TO RIGHT OF RECOVERY.—No law'';

(4) in subsection (d), by striking ''(d) No action'' and inserting ''(d) RIGHT TO DAMAGES.—No action'';

(5) in subsection (e)—

(A) in the matter preceding paragraph (1), by striking ''(e) The United States'' and inserting ''(e) INTERVENTION OR SEPARATE CIVIL ACTION.—The United States''; and

(B) by striking paragraph (2) and inserting the following new paragraph:

''(2) while making all reasonable efforts to provide notice of the action to the individual to whom health services are provided prior to the filing of the action, instituting a civil action.'';

(6) in subsection (f), by striking ''(f) The United States'' and inserting ''(f) SERVICES COVERED UNDER A SELF-INSURANCE PLAN.—The United States''; and

(7) by adding at the end the following new subsections:

''(g) COSTS OF ACTION.—In any action brought to enforce this section, the court shall award any prevailing plaintiff costs, including attorneys' fees that were reasonably incurred in that action.

''(h) RIGHT OF RECOVERY FOR FAILURE TO PROVIDE REASONABLE ASSURANCES.—The United States, an Indian tribe, or a tribal organization shall have the right to recover damages against any fiduciary of an insurance company or employee benefit plan that is a provider referred to in subsection (a) who—

''(1) fails to provide reasonable assurances that such insurance company or employee benefit plan has funds that are sufficient to pay all benefits owed by that insurance company or employee benefit plan in its capacity as such a provider; or

''(2) otherwise hinders or prevents recovery under subsection (a), including hindering the pursuit of any claim for a remedy that may be asserted by a beneficiary or participant covered under subsection (a) under any other applicable Federal or State law.''.

(d) CALIFORNIA CONTRACT HEALTH SERVICES DEMONSTRATION PROGRAM.—Section 211(g) (25 U.S.C. 1621j(g)) is amended by striking ''1993, 1994, 1995, 1996, and 1997'' and inserting ''1996 through 2000''.

(e) MEDICARE AND MEDICAID DEMONSTRATION PROGRAM.—Section 405(c) (42 U.S.C. 1395qq note) is amended—

(1) in paragraph (1)(D), by striking ''prior to October 1, 1990'' and inserting ''on or before the date which is 1 year after the date of submission of the plan''; and

(2) in paragraph (2)—

(A) by striking '', prior to October 1, 1989, select no more than 4'' and inserting ''select no more than 12''; and

(B) by striking ''September 30, 1996'' and inserting ''September 30, 2000''.

(f) GALLUP ALCOHOL AND SUBSTANCE ABUSE TREATMENT CENTER.—Section 706(d) (25 U.S.C. 1665e(d)) is amended to read as follows:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, for each of fiscal years 1996 through 2000, such sums as may be necessary to carry out subsection (b).''.

(g) SUBSTANCE ABUSE COUNSELOR EDUCATION DEMONSTRATION PROGRAM.—Section 711(h) (25 U.S.C. 1665j(h)) is amended by striking ''1993, 1994, 1995, 1996, and 1997'' and inserting ''1996 through 2000''.

(h) HOME AND COMMUNITY-BASED CARE DEMONSTRATION PROGRAM.—Section 821(i) (25 U.S.C. 1680k(i)) is amended by striking ''1993, 1994, 1995, 1996, and 1997''and inserting ''1996 through 2000''.

SECTION-BY-SECTION SUMMARY—INDIAN HEALTH CARE IMPROVEMENT TECHNICAL CORRECTIONS ACT OF 1996

Section 1(a) sets forth the short title of the Act.

Section 1(b) provides that wherever a section or other provision is amended or repealed in this Act, such amendment shall be considered made to the referenced section or provision of the Indian Health Care Improvement Act (25 U.S.C. 1601 et. seq.).

Section 2(a) amends Section 4(n) of the Indian Health Care Improvement Act to modify the definition of ''Health Profession'' to specify that ''allopathic medicine'' shall be added as an eligible degree program for individuals to qualify for scholarships and loan repayment programs. This section also modifies the definition by striking the current language of ''and allied health professions'' and inserting ''an allied health profession, or any other health profession'' to allow the IHS additional flexibility to determine eligibility for scholarships and loan repayments for individuals enrolled in health professions not specified under this section.

Section 2(b) amends Section 104(b) of the Indian Health Care Improvement Act to add a new provision that clarifies that an individual serving in an academic setting that is funded under sections 102, 112, or 114 of the Act who is responsible for the recruitment and training of Indian Health Professionals shall be considered to be meeting their service obligations under section 338A of the Public Health Service Act. This provision will allow an individual to meet their service obligation to the IHS by working at a university or other academic setting which is responsible for recruiting and training American Indians in the health professions. This

is also intended to clarify that the Secretary may defer an individual's service obligation during the term of an internship, residency or other advanced clinical program. Section 104(b) is further amended by adding new subsections to address unique circumstances under which the Secretary to authorized to waive or suspend service or payment obligations due to death or the Secretary's determination that it would cause extreme hardship or to enforce such a requirement would be unconscionable. An additional subsection is added to clarify the terms under which an individual's payment obligation may be discharged in a bankruptcy proceeding.

Section 2(c) amends Section 206 of the Indian Health Care Improvement Act to clarify the notice provisions for individuals in collection actions for services provided by IHS or tribal health facilities and recoverable costs in such a collection action and the right of the United States and Indian tribes to recover against an insurance company or employee benefit plan.

Section 2(d) amends Section 211(g) of the Indian Health Care Improvement Act to extend the authorization for the California Contract Health Services Demonstration Program until the year 2000.

Section 2(e) amends Section 405(c) of the Indian Health Care Improvement Act to provide that applicants for the Medicare and Medicaid Demonstration Program must be accredited by the Joint Commission on Accreditation of Hospitals within one year of submission of an application. Section 405(c) is amended to increase the number of eligible tribal health facilities from four to twelve. The authorization for the Medicare and Medicaid Demonstration Program is extended until the year 2000.

Section 2(f) amends Section 706(d) of the Indian Health Care Improvement Act to strike out 706(d) in its entirety and add a new subsection that will extend the authorization for the Gallup Alcohol and Substance Abuse Treatment Center until the year 2000.

Section 2(g) amends Section 711(h) of the Indian Health Care Improvement Act to extend the authorization for the Substance Abuse Counselor Education Demonstration Program until the year 2000.

Section 2(h) amends Section 821(I) of the Indian Health Care Improvement Act to extend the authorization for the Home and Community-Based Care Demonstration Program until the year 2000.

By Mr. MOYNIHAN:

S. 1870. A bill to establish a medical education trust fund, and for other purposes; to the Committee on Finance.

THE MEDICAL EDUCATION TRUST FUND ACT OF 1996

Mr. MOYNIHAN. Mr. President, I rise to introduce legislation that would establish a Medical Education Trust Fund to support America's 124 medical schools and 1,250 teaching hospitals. These institutions are national treasures; they are the very best in the world. Yet today they find themselves in a precarious financial situation as market forces reshape the health care delivery system in the United States. Explicit and dedicated funding for these institutions, which this legislation will provide, will ensure that the United States continues to lead the world in the quality of its health care system.

This legislation requires that the public sector, through the Medicare and Medicaid programs, and the private sector, through an assessment on health insurance premiums, will contribute broad-based and fair financial support. Over the 5-year period, 1997 to 2001, the Medical Education Trust Fund established under this legislation would provide average annual payments of about $17 billion, roughly doubling the funding that we currently provide for medical education.

BRIEF HISTORY

My particular interest in this subject began in 1994, when the Finance Committee took up the President's Health Security Act. I was Chairman of the Committee at the time. In January of that year, I asked Paul Marks, M.D., President of Memorial Sloan-Kettering Cancer Center in New York City, if he would arrange a ''seminar'' for me on health care issues. He agreed, and gathered a number of medical school deans together one morning in New York.

Early on in the meeting, one of the seminarians remarked that the University of Minnesota might have to close its medical school. In an instant I realized I had heard something new. Minnesota is a place where they open medical schools, not close them. How, then, could this be? The answer was that Minnesota, being Minnesota, was a leading state in the growth of Health Maintenance Organizations, and HMO's do not send patients to teaching hospitals, absent which you cannot have a medical school.

We are in the midst of a great age of discovery in medical science. It is certainly not a time to close medical schools. This great era of medical discovery is occurring right here in the United States, not in Europe like past ages of scientific discovery. And it is centered in New York City. This heroic age of medical science started in the late 1930's. Before then, the average patient was probably as well off, perhaps better, out of a hospital as in one. Progress from that point 60 years ago has been remarkable. The last few decades have brought us images of the inside of the human body based on the magnetic resonance of bodily tissues; laser surgery; micro surgery for reattaching limbs; and organ transplantation, among other wonders. I can hardly imagine what might be next. Physicians are now working on a gene therapy that might eventually replace bypass surgery.

After months of hearings and debate on the President's Health Security Act, I became convinced that special provisions would have to be made for medical schools, teaching hospitals, and medical research if we were not to see this great moment in medical science suddenly constrained. To that end, when the Committee on Finance voted 12 to 8 on July 2, 1994, to report the Health Security Act, it included a graduate medical education and academic health centers trust fund. The trust fund provided an 80-percent increase in Federal funding for academic medicine; as importantly, it represented stable, long-term funding. While nothing came of the effort to enact universal health care coverage, the medical education trust fund enjoyed widespread support. An amendment by then-Senator Malcolm Wallop of Wyoming to kill the trust fund by striking the source of its revenue—a 1.75-percent assessment on health insurance premiums—failed on a 7 to 13 vote in the Finance Committee.

I continued to press the issue in the first session of the 104th Congress. On September 29, 1995, during Finance Committee consideration of the budget reconciliation legislation, I offered an amendment to establish a similar trust fund. With a new majority in control and the committee in the midst of considering a highly partisan budget reconciliation bill, my amendment failed on a tie vote, 10 to 10. Notably, however, the House version of the reconciliation bill did include a graduate medical education trust fund. That provision ultimately passed both Houses as part of the conference agreement, which was subsequently vetoed by President Clinton.

The conference agreement on the budget resolution, being considered by the Senate and House this week, also apparently assumes that this year's Medicare reconciliation bill will include a similar trust fund.

That is the history of this effort, briefly stated.

NEED FOR LEGISLATION

Medical education is one of America's most precious public resources. It should be explicitly financed with contributions from all sectors of the health care system, not just the Medicare Program as is the case today. The fiscal pressures of a competitive health care market are increasingly closing off traditional implicit revenue sources—such as additional payments from private payers—that have in the past supported medical schools, graduate medical education, and research. This legislation provides alternative funding to prevent the deterioration of these institutions and the invaluable services they provide.

Events in Rochester, NY, a community with a long and proud tradition of quality, cost-effective health care, provide a good example of how market forces are reshaping the health care delivery system. Last year, the only option available to retirees of Kodak at no additional cost was a managed care plan. Unfortunately, that managed care plan excluded Strong Memorial, Rochester's prestigious teaching hospital. Strong Memorial was established in 1920 with the help of George Eastman and was named for Henry Strong, a financier of Eastman. Yet ironically, 75 years later, Eastman Kodak's retirees could not get care at Strong Memorial Hospital.

After much protest, the managed care plan brought Strong Memorial into its provider network, but only after Kodak agreed to make separate payments for 1 year to support the costs of graduate medical education at

Strong. The Rochester community worked out a solution, however temporary, to the problems faced by its primary teaching hospital, but we cannot, and should not, rely on the Kodaks of the world to finance medical education. We must adopt a comprehensive Federal strategy.

Other teaching hospitals are facing similar difficulties. In its June 1995 ''Report to Congress,'' the Prospective Payment Assessment Commission [ProPAC], the Commission which advises Congress on Medicare hospital insurance part A payment, summarized the situation of teaching hospitals as follows:

As competition in the health care system intensifies, the additional costs borne by teaching hospitals will place them at a disadvantage relative to other facilities. The role, scale, function, and number of these institutions increasingly will be challenged. . .. Accelerating price competition in the private sector . . . is reducing the ability of teaching hospitals to obtain the higher patient care rates from other payers that traditionally have contributed to financing the costs associated with graduate medical education.

ProPAC's June 1996 ''Report to Congress,'' issued just last week, confirmed that ''major teaching hospitals have the dual problems of higher overall losses from uncompensated care and less above cost revenue from private insurers.''

It is obvious that teaching hospitals can no longer rely on higher payments from private payers to cover the costs of their teaching programs. Nor should they. The establishment of this trust fund, which reimburses teaching hospitals for the costs of graduate medical education, will ensure that teaching hospitals can pursue their vitally important patient care, training, and research missions in the face of an increasingly competitive health system.

Medical schools also face an uncertain future. There are many policy issues that need to be examined regarding the role of medical schools in our health system, but two threats faced by medical schools now require immediate attention. This legislation addresses both. First, many medical schools are immediately threatened by the dire financial condition of their affiliated teaching hospitals. Medical schools rely on teaching hospitals to provide a place for their faculty to practice and perform research, a place to send third- and fourth-year medical school students for training, and for some direct revenues. By improving the financial condition of teaching hospitals, this legislation significantly improves the outlook for medical schools.

The second immediate threat faced by medical schools stems from their reliance on a portion of the clinical practice revenue generated by their faculties to support their operations. As competition within the health system intensifies and managed care proliferates, these revenues are shrinking. This legislation provides payments to medical schools from the trust fund that are designed to partially offset this loss of revenue.

None of the foregoing is meant to suggest that the new competitive forces reshaping health care have brought only negative results. To the contrary, the onset of competition has had many beneficial effects, the dramatic curtailing of growth in health insurance premiums being the most obvious. But as Msgr. Charles J. Fahey of Fordham University warned in testimony before the Finance Committee in 1994, we must be wary of the ''commodification of health care,'' by which he meant that health care is not just another commodity. We can rely on competition to hold down costs in much of the health system, but we must not allow it to bring a premature end to this great age of medical discovery, an age made possible by this country's exceptionally well-trained health professionals and superior medical schools and teaching hospitals. This legislation complements a competitive health market by providing tax-supported funding for the public services provided by teaching hospitals and medical schools.

DESCRIPTION OF LEGISLATION

The medical education trust fund established in the legislation I have just introduced would receive funding from three sources broadly representing the entire health care system: A 1.5-percent tax on health insurance premiums, the private sector's contribution; Medicare, and Medicaid, the latter two sources comprising the public sector's contribution. The relative contribution from each of these sources will be in rough proportion to the medical education costs attributable to their respective covered populations.

Over the 5-year period 1997 to 2001, the medical education trust fund will provide average annual payments of about $17 billion. The tax on health insurance premiums, including self-insured health plans, raises approximately $4 billion per year for the trust fund. Federal health programs contribute about $13 billion per year to the trust fund: $9 billion in transfers of Medicare graduate medical education payments and $4 billion in Federal Medicaid spending.

This legislation is only a first step. It establishes the principle that, as a public good, medical education should be supported by dedicated, long-term Federal funding. To ensure that the United States continues to lead the world in the quality of its medical education and its health system as a whole, the legislation would also create a medical education advisory commission to conduct a thorough study and make recommendations, including the potential use of demonstration projects, regarding the following: alternative and additional sources of medical education financing; alternative methodologies for financing medical education; policies designed to maintain superior research and educational capacities in an increasingly competitive health system; the appropriate role of medical schools in graduate medical education; and policies designed to expand eligibility for graduate medical education payments to institutions other than teaching hospitals.

Mr. President, the services provided by this Nation's teaching hospitals and medical schools—groundbreaking research, highly skilled medical care, and the training of tomorrow's physicians—are vitally important and must be protected in this time of intense economic competition in the health system. I therefore urge Senators to support the Medical Education Trust Fund Act of 1996.

I ask unanimous consent that a summary and a copy of the bill be printed in the RECORD.

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

S. 1870

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Medical Education Trust Fund Act of 1996''.

(b) TABLE OF CONTENTS.—The table of contents of this title is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Medical Education Trust Fund.
Sec. 3. Amendments to medicare program.
Sec. 4. Amendments to medicaid program.
Sec. 5. Assessments on insured and self-insured health plans.
Sec. 6. Medical Education Advisory Commission.
Sec. 7. Demonstration projects.

SEC. 2. MEDICAL EDUCATION TRUST FUND.

The Social Security Act (42 U.S.C. 300 et seq.) is amended by adding after title XX the following new title:

''TITLE XXI—MEDICAL EDUCATION TRUST FUND

''TABLE OF CONTENTS OF TITLE

''Sec. 2101. Establishment of Trust Fund.
''Sec. 2102. Payments to medical schools.
''Sec. 2103. Payments to teaching hospitals.

''SEC. 2101. ESTABLISHMENT OF TRUST FUND.

''(a) IN GENERAL.—There is established in the Treasury of the United States a fund to be known as the Medical Education Trust Fund (in this title referred to as the 'Trust Fund'), consisting of the following accounts:

''(1) The Medical School Account.

''(2) The Medicare Teaching Hospital Indirect Account.

''(3) The Medicare Teaching Hospital Direct Account.

''(4) The Non-Medicare Teaching Hospital Indirect Account.

''(5) The Non-Medicare Teaching Hospital Direct Account.

Each such account shall consist of such amounts as are allocated and transferred to such account under this section, sections 1876(a)(7), 1886(j) and 1931, and section 4503 of the Internal Revenue Code of 1986. Amounts in the accounts of the Trust Fund shall remain available until expended.

''(b) EXPENDITURES FROM TRUST FUND.—Amounts in the accounts of the Trust Fund are available to the Secretary for making payments under sections 2102 and 2103.

''(c) INVESTMENT.—

''(1) IN GENERAL.—The Secretary of the Treasury shall invest amounts in the accounts of the Trust Fund which the Secretary determines are not required to meet

current withdrawals from the Trust Fund. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired on original issue at the issue price, or by purchase of outstanding obligations at the market price.

''(2) SALE OF OBLIGATIONS.—The Secretary of the Treasury may sell at market price any obligation acquired under paragraph (1).

''(3) AVAILABILITY OF INCOME.—Any interest derived from obligations held in each such account, and proceeds from any sale or redemption of such obligations, are hereby appropriated to such account.

''(d) MONETARY GIFTS TO TRUST FUND.—There are appropriated to the Trust Fund such amounts as may be unconditionally donated to the Federal Government as gifts to the Trust Fund. Such amounts shall be allocated and transferred to the accounts described in subsection (a) in the same proportion as the amounts in each of the accounts bears to the total amount in all the accounts of the Trust Fund.

''SEC. 2102. PAYMENTS TO MEDICAL SCHOOLS.

''(a) FEDERAL PAYMENTS TO MEDICAL SCHOOLS FOR CERTAIN COSTS.—

''(1) IN GENERAL.—In the case of a medical school that in accordance with paragraph (2) submits to the Secretary an application for fiscal year 1997 or any subsequent fiscal year, the Secretary shall make payments for such year to the medical school for the purpose specified in paragraph (3). The Secretary shall make such payments from the Medical School Account in an amount determined in accordance with subsection (b), and may administer the payments as a contract, grant, or cooperative agreement.

''(2) APPLICATION FOR PAYMENTS.—For purposes of paragraph (1), an application for payments under such paragraph for a fiscal year is in accordance with this paragraph if—

''(A) the medical school involved submits the application not later than the date specified by the Secretary; and

''(B) the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

''(3) PURPOSE OF PAYMENTS.—The purpose of payments under paragraph (1) is to assist medical schools in maintaining and developing quality educational programs in an increasingly competitive health care system.

''(b) AVAILABILITY OF TRUST FUND FOR PAYMENTS; ANNUAL AMOUNT OF PAYMENTS.—

''(1) AVAILABILITY OF TRUST FUND FOR PAYMENTS.—The following amounts shall be available for a fiscal year for making payments under subsection (a) from the amount allocated and transferred to the Medical School Account under sections 1876(a)(7), 1886(j), 1931, 2101(c)(3) and (d), and section 4503 of the Internal Revenue Code of 1986:

''(A) In the case of fiscal year 1997, $200,000,000.

''(B) In the case of fiscal year 1998, $300,000,000.

''(C) In the case of fiscal year 1999, $400,000,000.

''(D) In the case of fiscal year 2000, $500,000,000.

''(E) In the case of fiscal year 2001, $600,000,000.

''(F) In the case of each subsequent fiscal year, the amount specified in this paragraph in the previous fiscal year updated through the midpoint of the year by the estimated percentage change in the general health care inflation factor (as defined in subsection (d)) during the 12-month period ending at that midpoint, with appropriate adjustments to reflect previous underestimations or overestimations under this subparagraph in the projected health care inflation factor.

''(2) AMOUNT OF PAYMENTS FOR MEDICAL SCHOOLS.—

''(A) IN GENERAL.—Subject to the annual amount available under paragraph (1) for a fiscal year, the amount of payments required under subsection (a) to be made to a medical school that submits to the Secretary an application for such year in accordance with subsection (a)(2) is an amount equal to an amount determined by the Secretary in accordance with subparagraph (B).

''(B) DEVELOPMENT OF FORMULA.—The Secretary shall develop a formula for allocation of funds to medical schools under this section consistent with the purpose described in subsection (a)(3).

''(c) MEDICAL SCHOOL DEFINED.—For purposes of this section, the term 'medical school' means a school of medicine (as defined in section 799 of the Public Health Service Act) or a school of osteopathic medicine (as defined in such section).

''(d) GENERAL HEALTH CARE INFLATION FACTOR.—The term 'general health care inflation factor' means the consumer price index for medical services as determined by the Bureau of Labor Statistics.

''SEC. 2103. PAYMENTS TO TEACHING HOSPITALS.

''(a) FORMULA PAYMENTS TO ELIGIBLE ENTITIES.—

''(1) IN GENERAL.—In the case of any fiscal year beginning after September 30, 1996, the Secretary shall make payments to each eligible entity that, in accordance with paragraph (2), submits to the Secretary an application for such fiscal year. Such payments shall be made from the Trust Fund, and the total of the payments to the eligible entity for the fiscal year shall equal the sum of the amounts determined under subsections (b), (c), (d), and (e).

''(2) APPLICATION.—For purposes of paragraph (1), an application shall contain such information as may be necessary for the Secretary to make payments under such paragraph to an eligible entity during a fiscal year. An application shall be treated as submitted in accordance with this paragraph if it is submitted not later than the date specified by the Secretary, and is made in such form and manner as the Secretary may require.

''(3) PERIODIC PAYMENTS.—Payments under paragraph (1) to an eligible entity for a fiscal year shall be made periodically, at such intervals and in such amounts as the Secretary determines to be appropriate (subject to applicable Federal law regarding Federal payments).

''(4) ADMINISTRATOR OF PROGRAMS.—The Secretary shall carry out responsibility under this title by acting through the Administrator of the Health Care Financing Administration.

''(5) ELIGIBLE ENTITY.—For purposes of this title, the term 'eligible entity', with respect to any fiscal year, means—

''(A) for payment under subsections (b) and (c), an entity which would be eligible to receive payments for such fiscal year under—

''(i) section 1886(d)(5)(B), if such payments had not been terminated for discharges occurring after September 30, 1996;

''(ii) section 1886(h), if such payments had not been terminated for cost reporting periods beginning after September 30, 1996; or

''(iii) both sections; or

''(B) for payment under subsections (d) and (e)—

''(i) an entity which meets the requirement of subparagraph (A); or

''(ii) an entity which the Secretary determines should be considered an eligible entity.

''(b) DETERMINATION OF AMOUNT FROM MEDICARE TEACHING HOSPITAL INDIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Medicare Teaching Hospital Indirect Account under sections 1876(a)(7) and 1886(j)(1), and subsections (c)(3) and (d) of section 2101 for such fiscal year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year is equal to the percentage of the total payments which would have been made to the eligible entity in such fiscal year under section 1886(d)(5)(B) if—

''(A) such payments had not been terminated for discharges occurring after September 30, 1996; and

''(B) such payments included payments for individuals enrolled in a plan under section 1876, except that for fiscal years 1997, 1998, and 1999, only the applicable percentage (as defined in section 1876(a)(7)(B)) of such payments shall be taken into account.

''(c) DETERMINATION OF AMOUNT FROM MEDICARE TEACHING HOSPITAL DIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Medicare Teaching Hospital Direct Account under sections 1876(a)(7) and 1886(j)(2), and subsections (c)(3) and (d) of section 2101 for such fiscal year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year is equal to the percentage of the total payments which would have been made to the eligible entity in such fiscal year under section 1886(h) if—

''(A) such payments had not been terminated for cost reporting periods beginning after September 30, 1996; and

''(B) such payments included payments for individuals enrolled in a plan under section 1876, except that for fiscal years 1997, 1998, and 1999, only the applicable percentage (as defined in section 1876(a)(7)(B)) of such payments shall be taken into account.

''(d) DETERMINATION OF AMOUNT FROM NON-MEDICARE TEACHING HOSPITAL INDIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Non-Medicare Teaching Hospital Indirect Account for such fiscal year under section 1931, subsections (c)(3) and (d) of section 2101, and section 4503 of the Internal Revenue Code of 1986.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year for an eligible entity is equal to the percentage of the total payments which, as determined by the Secretary, would have been made in such fiscal year under section 1886(d)(5)(B) if—

''(A) such payments had not been terminated for discharges occurring after September 30, 1996; and

''(B) non-medicare patients were taken into account in lieu of medicare patients.

''(e) DETERMINATION OF AMOUNT FROM NON-MEDICARE TEACHING HOSPITAL DIRECT ACCOUNT.—

''(1) IN GENERAL.—The amount determined for an eligible entity for a fiscal year under this subsection is the amount equal to the applicable percentage of the total amount allocated and transferred to the Non-Medicare Teaching Hospital Direct Account for such fiscal year under section 1931, subsections

(c)(3) and (d) of section 2101, and section 4503 of the Internal Revenue Code of 1986.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage for any fiscal year for an eligible entity is equal to the percentage of the total payments which, as determined by the Secretary, would have been made in such fiscal year under section 1886(h) if—

''(A) such payments had not been terminated for cost reporting periods beginning after September 30, 1996; and

''(B) non-medicare patients were taken into account in lieu of medicare patients.''.

SEC. 3. AMENDMENTS TO MEDICARE PROGRAM.

(a) IN GENERAL.—Section 1886 of the Social Security Act (42 U.S.C. 1395ww) is amended—

(1) in subsection (d)(5)(B), in the matter preceding clause (i), by striking ''The Secretary shall provide'' and inserting the following: ''For discharges occurring before October 1, 1996, the Secretary shall provide'';

(2) in subsection (h)—

(A) in paragraph (1), in the first sentence, by striking ''the Secretary shall provide'' and inserting ''the Secretary shall, subject to paragraph (6), provide''; and

(B) by adding at the end the following new paragraph:

''(6) LIMITATION.—

''(A) IN GENERAL.—The authority to make payments under this subsection shall not apply with respect to—

''(i) cost reporting periods beginning after September 30, 1996; and

''(ii) any portion of a cost reporting period beginning on or before such date which occurs after such date.

''(B) RULE OF CONSTRUCTION.—This paragraph may not be construed as authorizing any payment under section 1861(v) with respect to graduate medical education.''; and

(3) by adding at the end the following new subsection:

''(j) TRANSFERS TO MEDICAL EDUCATION TRUST FUND.—

''(1) INDIRECT COSTS OF MEDICAL EDUCATION.—

''(A) TRANSFER.—

''(i) IN GENERAL.—From the Federal Hospital Insurance Trust Fund, the Secretary shall, for fiscal year 1997 and each subsequent fiscal year, transfer to the Medical Education Trust Fund an amount equal to the amount estimated by the Secretary under subparagraph (B).

''(ii) ALLOCATION.—Of the amount transferred under clause (i)—

''(I) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under clause (i) bears to the total amounts transferred to the Medical Education Trust Fund under title XXI (excluding amounts transferred under subsections (c)(3) and (d) of section 2101) for such fiscal year; and

''(II) the remainder shall be allocated and transferred to the Medicare Teaching Hospital Indirect Account.

''(B) DETERMINATION OF AMOUNTS.—The Secretary shall make an estimate for each fiscal year involved of the nationwide total of the amounts that would have been paid under subsection (d)(5)(B) to hospitals during the fiscal year if such payments had not been terminated for discharges occurring after September 30, 1996.

''(2) DIRECT COSTS OF MEDICAL EDUCATION.—

''(A) TRANSFER.—

''(i) IN GENERAL.—From the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, the Secretary shall, for fiscal year 1997 and each subsequent fiscal year, transfer to the Medical Education Trust Fund an amount equal to the amount estimated by the Secretary under subparagraph (B).

''(ii) ALLOCATION.—Of the amount transferred under clause (i)—

''(I) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under clause (i) bears to the total amounts transferred to the Medical Education Trust Fund under title XXI (excluding amounts transferred under subsections (c)(3) and (d) of section 2101) for such fiscal year; and

''(II) the remainder shall be allocated and transferred to the Medicare Teaching Hospital Direct Account.

''(B) DETERMINATION OF AMOUNTS.—For each hospital, the Secretary shall make an estimate for the fiscal year involved of the amount that would have been paid under subsection (h) to the hospital during the fiscal year if such payments had not been terminated for cost reporting periods beginning after September 30, 1996.

''(C) ALLOCATION BETWEEN FUNDS.—In providing for a transfer under subparagraph (A) for a fiscal year, the Secretary shall provide for an allocation of the amounts involved between part A and part B (and the trust funds established under the respective parts) as reasonably reflects the proportion of direct graduate medical education costs of hospitals associated with the provision of services under each respective part.''.

(b) MEDICARE HMO'S.—Section 1876(a) of the Social Security Act (42 U.S.C. 1395mm(a)) is amended by inserting after paragraph (6) the following new paragraph:

''(7)(A) In determining the adjusted average per capita cost under paragraph (4) for fiscal years after 1996, the Secretary shall not take into account the applicable percentage of costs under sections 1886(d)(5)(B) (indirect costs of medical education) and 1886(h) (direct graduate medical education costs).

''(B) For purposes of subparagraph (A), the applicable percentage is—

''(i) for fiscal year 1997, 25 percent;

''(ii) for fiscal year 1998, 50 percent;

''(iii) for fiscal year 1999, 75 percent; and

''(iv) for fiscal year 2000 and each subsequent fiscal year, 100 percent.

''(C)(i) There is appropriated and transferred to the Medical Education Trust Fund each fiscal year an amount equal to the aggregate amounts not taken into account under paragraph (4) by reason of subparagraph (A).

''(ii) Of the amounts transferred under clause (i)—

''(I) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under clause (i) bears to the total amounts transferred to the Medical Education Trust Fund under section 2101 (excluding amounts transferred under subsections (c)(3) and (d) of such section) for such fiscal year; and

''(II) the remainder shall be allocated and transferred to the Medicare Teaching Hospital Indirect Account under such section and the Medicare Teaching Hospital Direct Account under such section in the same proportion as the amounts attributable to the costs under sections 1886(d)(5)(B) and 1886(h) were of the amounts transferred under clause (i).

''(iii) The Secretary shall make payments under clause (i) from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, in the same manner as the Secretary determines under section 1886(j).''.

SEC. 4. AMENDMENTS TO MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930, the following new section:

''TRANSFER OF FUNDS TO ACCOUNTS

''SEC. 1931. (a) TRANSFER OF FUNDS.—

''(1) IN GENERAL.—For fiscal year 1997 and each subsequent fiscal year, the Secretary shall transfer to the Medical Education Trust Fund an amount equal to the amount determined under subsection (b).

''(2) ALLOCATION.—Of the amount transferred under paragraph (1)—

''(A) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred under paragraph (1) bears to the total amounts transferred to the Medical Education Trust Fund under title XXI (excluding amounts transferred under subsections (c)(3) and (d) of section 2101) for such fiscal year; and

''(B) the remainder shall be allocated and transferred to the Non-Medicare Teaching Hospital Indirect Account and the Non-Medicare Teaching Hospital Direct Account, in the same proportion as the amounts transferred to each account under section 1886(j) relate to the total amounts transferred under such section for such fiscal year.

''(b) AMOUNT DETERMINED.—

''(1) OUTLAYS FOR ACUTE MEDICAL SERVICES DURING PRECEDING FISCAL YEAR.—Beginning with fiscal year 1997, the Secretary shall determine 5 percent of the total amount of Federal outlays made under this title for acute medical services, as defined in paragraph (2), for the preceding fiscal year.

''(2) ACUTE MEDICAL SERVICES DEFINED.—The term 'acute medical services' means items and services described in section 1905(a) other than the following:

''(A) Nursing facility services (as defined in section 1905(f)).

''(B) Intermediate care facility for the mentally retarded services (as defined in section 1905(d)).

''(C) Personal care services (as described in section 1905(a)(24)).

''(D) Private duty nursing services (as referred to in section 1905(a)(8)).

''(E) Home or community-based services furnished under a waiver granted under subsection (c), (d), or (e) of section 1915.

''(F) Home and community care furnished to functionally disabled elderly individuals under section 1929.

''(G) Community supported living arrangements services under section 1930.

''(H) Case-management services (as described in section 1915(g)(2)).

''(I) Home health care services (as referred to in section 1905(a)(7)), clinic services, and rehabilitation services that are furnished to an individual who has a condition or disability that qualifies the individual to receive any of the services described in a previous subparagraph.

''(J) Services furnished in an institution for mental diseases (as defined in section 1905(i)).

''(c) ENTITLEMENT.—This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to the Non-Medicare Teaching Hospital Indirect Account, the Non-Medicare Teaching Hospital Direct Account, and the Medical School Account of amounts determined in accordance with subsections (a) and (b).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be effective on and after October 1, 1996.

SEC. 5. ASSESSMENTS ON INSURED AND SELF-INSURED HEALTH PLANS.

(a) GENERAL RULE.—Subtitle D of the Internal Revenue Code of 1986 (relating to miscellaneous excise taxes) is amended by adding after chapter 36 the following new chapter:

''CHAPTER 37—HEALTH RELATED ASSESSMENTS

''SUBCHAPTER A. Insured and self-insured health plans.

''Subchapter A—Insured and Self-Insured Health Plans

''Sec. 4501. Health insurance and health-related administrative services.

''Sec. 4502. Self-insured health plans.

''Sec. 4503. Transfer to accounts.

''Sec. 4504. Definitions and special rules.

''SEC. 4501. HEALTH INSURANCE AND HEALTH-RELATED ADMINISTRATIVE SERVICES.

''(a) IMPOSITION OF TAX.—There is hereby imposed—

''(1) on each taxable health insurance policy, a tax equal to 1.5 percent of the premiums received under such policy, and

''(2) on each amount received for health-related administrative services, a tax equal to 1.5 percent of the amount so received.

''(b) LIABILITY FOR TAX.—

''(1) HEALTH INSURANCE.—The tax imposed by subsection (a)(1) shall be paid by the issuer of the policy.

''(2) HEALTH-RELATED ADMINISTRATIVE SERVICES.—The tax imposed by subsection (a)(2) shall be paid by the person providing the health-related administrative services.

''(c) TAXABLE HEALTH INSURANCE POLICY.—For purposes of this section—

''(1) IN GENERAL.—Except as otherwise provided in this section, the term 'taxable health insurance policy' means any insurance policy providing accident or health insurance with respect to individuals residing in the United States.

''(2) EXEMPTION OF CERTAIN POLICIES.—The term 'taxable health insurance policy' does not include any insurance policy if substantially all of the coverage provided under such policy relates to—

''(A) liabilities incurred under workers' compensation laws,

''(B) tort liabilities,

''(C) liabilities relating to ownership or use of property,

''(D) credit insurance, or

''(E) such other similar liabilities as the Secretary may specify by regulations.

''(3) SPECIAL RULE WHERE POLICY PROVIDES OTHER COVERAGE.—In the case of any taxable health insurance policy under which amounts are payable other than for accident or health coverage, in determining the amount of the tax imposed by subsection (a)(1) on any premium paid under such policy, there shall be excluded the amount of the charge for the nonaccident or nonhealth coverage if—

''(A) the charge for such nonaccident or nonhealth coverage is either separately stated in the policy, or furnished to the policyholder in a separate statement, and

''(B) such charge is reasonable in relation to the total charges under the policy.

In any other case, the entire amount of the premium paid under such policy shall be subject to tax under subsection (a)(1).

''(4) TREATMENT OF PREPAID HEALTH COVERAGE ARRANGEMENTS.—

''(A) IN GENERAL.—In the case of any arrangement described in subparagraph (B)—

''(i) such arrangement shall be treated as a taxable health insurance policy,

''(ii) the payments or premiums referred to in subparagraph (B)(i) shall be treated as premiums received for a taxable health insurance policy, and

''(iii) the person referred to in subparagraph (B)(i) shall be treated as the issuer.

''(B) DESCRIPTION OF ARRANGEMENTS.—An arrangement is described in this subparagraph if under such arrangement—

''(i) fixed payments or premiums are received as consideration for any person's agreement to provide or arrange for the provision of accident or health coverage to residents of the United States, regardless of how such coverage is provided or arranged to be provided, and

''(ii) substantially all of the risks of the rates of utilization of services is assumed by such person or the provider of such services.

''(d) HEALTH-RELATED ADMINISTRATIVE SERVICES.—For purposes of this section, the term 'health-related administrative services' means—

''(1) the processing of claims or performance of other administrative services in connection with accident or health coverage under a taxable health insurance policy if the charge for such services is not included in the premiums under such policy, and

''(2) processing claims, arranging for provision of accident or health coverage, or performing other administrative services in connection with an applicable self-insured health plan (as defined in section 4502(c)) established or maintained by a person other than the person performing the services.

For purposes of paragraph (1), rules similar to the rules of subsection (c)(3) shall apply.

''SEC. 4502. SELF-INSURED HEALTH PLANS.

''(a) IMPOSITION OF TAX.—In the case of any applicable self-insured health plan, there is hereby imposed a tax for each month equal to 1.5 percent of the sum of—

''(1) the accident or health coverage expenditures for such month under such plan, and

''(2) the administrative expenditures for such month under such plan to the extent such expenditures are not subject to tax under section 4501.

In determining the amount of expenditures under paragraph (2), rules similar to the rules of subsection (d)(3) apply.

''(b) LIABILITY FOR TAX.—

''(1) IN GENERAL.—The tax imposed by subsection (a) shall be paid by the plan sponsor.

''(2) PLAN SPONSOR.—For purposes of paragraph (1), the term 'plan sponsor' means—

''(A) the employer in the case of a plan established or maintained by a single employer,

''(B) the employee organization in the case of a plan established or maintained by an employee organization, or

''(C) in the case of—

''(i) a plan established or maintained by 2 or more employers or jointly by 1 or more employers and 1 or more employee organizations,

''(ii) a voluntary employees' beneficiary association under section 501(c)(9), or

''(iii) any other association plan,

the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

''(c) APPLICABLE SELF-INSURED HEALTH PLAN.—For purposes of this section, the term 'applicable self-insured health plan' means any plan for providing accident or health coverage if any portion of such coverage is provided other than through an insurance policy.

''(d) ACCIDENT OR HEALTH COVERAGE EXPENDITURES.—For purposes of this section—

''(1) IN GENERAL.—The accident or health coverage expenditures of any applicable self-insured health plan for any month are the aggregate expenditures paid in such month for accident or health coverage provided under such plan to the extent such expenditures are not subject to tax under section 4501.

''(2) TREATMENT OF REIMBURSEMENTS.—In determining accident or health coverage expenditures during any month of any applicable self-insured health plan, reimbursements (by insurance or otherwise) received during such month shall be taken into account as a reduction in accident or health coverage expenditures.

''(3) CERTAIN EXPENDITURES DISREGARDED.—Paragraph (1) shall not apply to any expenditure for the acquisition or improvement of land or for the acquisition or improvement of any property to be used in connection with the provision of accident or health coverage which is subject to the allowance under section 167, except that, for purposes of paragraph (1), allowances under section 167 shall be considered as expenditures.

''SEC. 4503. TRANSFER TO ACCOUNTS.

''For fiscal year 1997 and each subsequent fiscal year, there are hereby appropriated and transferred to the Medical Education Trust Fund amounts equivalent to taxes received in the Treasury under sections 4501 and 4502, of which—

''(1) there shall be allocated and transferred to the Medical School Account an amount which bears the same ratio to the total amount available under section 2102(b)(1) for the fiscal year (reduced by the balance in such account at the end of the preceding fiscal year) as the amount transferred to the Medical Education Trust Fund under title XXI of the Social Security Act under this section bears to the total amounts transferred to such Trust Fund (excluding amounts transferred under subsections (c)(3) and (d) of section 2101 of such Act) for such fiscal year; and

''(2) the remainder shall be allocated and transferred to the Non-Medicare Teaching Hospital Indirect Account and the Non-Medicare Teaching Hospital Direct Account, in the same proportion as the amounts transferred to such account under section 1886(j) relate to the total amounts transferred under such section for such fiscal year.

Such amounts shall be transferred in the same manner as under section 9601.

''SEC. 4504. DEFINITIONS AND SPECIAL RULES.

''(a) DEFINITIONS.—For purposes of this subchapter—

''(1) ACCIDENT OR HEALTH COVERAGE.—The term 'accident or health coverage' means any coverage which, if provided by an insurance policy, would cause such policy to be a taxable health insurance policy (as defined in section 4501(c)).

''(2) INSURANCE POLICY.—The term 'insurance policy' means any policy or other instrument whereby a contract of insurance is issued, renewed, or extended.

''(3) PREMIUM.—The term 'premium' means the gross amount of premiums and other consideration (including advance premiums, deposits, fees, and assessments) arising from policies issued by a person acting as the primary insurer, adjusted for any return or additional premiums paid as a result of endorsements, cancellations, audits, or retrospective rating. Amounts returned where the amount is not fixed in the contract but depends on the experience of the insurer or the

discretion of management shall not be included in return premiums.

''(4) UNITED STATES.—The term 'United States' includes any possession of the United States.

''(b) TREATMENT OF GOVERNMENTAL ENTITIES.—

''(1) IN GENERAL.—For purposes of this subchapter—

''(A) the term 'person' includes any governmental entity, and

''(B) notwithstanding any other law or rule of law, governmental entities shall not be exempt from the taxes imposed by this subchapter except as provided in paragraph (2).

''(2) EXEMPT GOVERNMENTAL PROGRAMS.—In the case of an exempt governmental program—

''(A) no tax shall be imposed under section 4501 on any premium received pursuant to such program or on any amount received for health-related administrative services pursuant to such program, and

''(B) no tax shall be imposed under section 4502 on any expenditures pursuant to such program.

''(3) EXEMPT GOVERNMENTAL PROGRAM.—For purposes of this subchapter, the term 'exempt governmental program' means—

''(A) the insurance programs established by parts A and B of title XVIII of the Social Security Act,

''(B) the medical assistance program established by title XIX of the Social Security Act,

''(C) any program established by Federal law for providing medical care (other than through insurance policies) to individuals (or the spouses and dependents thereof) by reason of such individuals being—

''(i) members of the Armed Forces of the United States, or

''(ii) veterans, and

''(D) any program established by Federal law for providing medical care (other than through insurance policies) to members of Indian tribes (as defined in section 4(d) of the Indian Health Care Improvement Act).

''(c) NO COVER OVER TO POSSESSIONS.—Notwithstanding any other provision of law, no amount collected under this subchapter shall be covered over to any possession of the United States.''.

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by inserting after the item relating to chapter 36 the following new item:

''CHAPTER 37. Health related assessments.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to premiums received, and expenses incurred, with respect to coverage for periods after September 30, 1996.

SEC. 6. MEDICAL EDUCATION ADVISORY COMMISSION.

(a) ESTABLISHMENT.—There is hereby established an advisory commission to be known as the Medical Education Advisory Commission (in this section referred to as the ''Advisory Commission'').

(b) DUTIES.—

(1) IN GENERAL.—The Advisory Commission shall—

(A) conduct a thorough study of all matters relating to—

(i) the operation of the Medical Education Trust Fund established under section 2;

(ii) alternative and additional sources of graduate medical education funding;

(iii) alternative methodologies for compensating teaching hospitals for graduate medical education;

(iv) policies designed to maintain superior research and educational capacities in an increasing competitive health system;

(v) the role of medical schools in graduate medical education; and

(vi) policies designed to expand eligibility for graduate medical education payments to institutions other than teaching hospitals;

(B) develop recommendations, including the use of demonstration projects, on the matters studied under subparagraph (A) in consultation with the Secretary of Health and Human Services and the entities described in paragraph (2);

(C) not later than January 1998, submit an interim report to the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Secretary of Health and Human Services; and

(D) not later than January 2000, submit a final report to the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Secretary of Health and Human Services.

(2) ENTITIES DESCRIBED.—The entities described in this paragraph are—

(A) other advisory groups, including the Council on Graduate Medical Education, the Prospective Payment Assessment Commission, and the Physician Payment Review Commission;

(B) interested parties, including the Association of American Medical Colleges, the Association of Academic Health Centers, and the American Medical Association;

(C) health care insurers, including managed care entities; and

(D) other entities as determined by the Secretary of Health and Human Services.

(c) NUMBER AND APPOINTMENT.—The membership of the Advisory Commission shall include 9 individuals who are appointed to the Advisory Commission from among individuals who are not officers or employees of the United States. Such individuals shall be appointed by the Secretary of Health and Human Services, and shall include individuals from each of the following categories:

(1) Physicians who are faculty members of medical schools.

(2) Officers or employees of teaching hospitals.

(3) Officers or employees of health plans.

(4) Such other individuals as the Secretary determines to be appropriate.

(d) TERMS.—

(1) IN GENERAL.—Except as provided in paragraph (2), members of the Advisory Commission shall serve for the lesser of the life of the Advisory Commission, or 4 years.

(2) SERVICE BEYOND TERM.—A member of the Advisory Commission may continue to serve after the expiration of the term of the member until a successor is appointed.

(e) VACANCIES.—If a member of the Advisory Commission does not serve the full term applicable under subsection (d), the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(f) CHAIR.—The Secretary of Health and Human Services shall designate an individual to serve as the Chair of the Advisory Commission.

(g) MEETINGS.—The Advisory Commission shall meet not less than once during each 4-month period and shall otherwise meet at the call of the Secretary of Health and Human Services or the Chair.

(h) COMPENSATION AND REIMBURSEMENT OF EXPENSES.—Members of the Advisory Commission shall receive compensation for each day (including travel time) engaged in carrying out the duties of the Advisory Commission. Such compensation may not be in an amount in excess of the maximum rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(i) STAFF.—

(1) STAFF DIRECTOR.—The Advisory Commission shall, without regard to the provisions of title 5, United States Code, relating to competitive service, appoint a Staff Director who shall be paid at a rate equivalent to a rate established for the Senior Executive Service under 5382 of title 5, United States Code.

(2) ADDITIONAL STAFF.—The Secretary of Health and Human Services shall provide to the Advisory Commission such additional staff, information, and other assistance as may be necessary to carry out the duties of the Advisory Commission.

(j) TERMINATION OF THE ADVISORY COMMISSION.—The Advisory Commission shall terminate 90 days after the date on which the Advisory Commission submits its final report under subsection (b)(1)(D).

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 7. DEMONSTRATION PROJECTS.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish, by regulation, guidelines for the establishment and operation of demonstration projects which the Medical Education Advisory Commission recommends under subsection (b)(1)(B) of section 6.

(b) FUNDING.—

(1) IN GENERAL.—For any fiscal year after 1996, amounts in the Medical Education Trust Fund under title XXI of the Social Security Act shall be available for use by the Secretary in the establishment and operation of demonstration projects described in subsection (a).

(2) FUNDS AVAILABLE.—

(A) LIMITATION.—Not more than 1/10 of 1 percent of the funds in such trust fund shall be available for the purposes of paragraph (1).

(B) ALLOCATION.—Amounts under paragraph (1) shall be paid from the accounts established under paragraphs (2) through (5) of section 2101(a) of the Social Security Act, in the same proportion as the amounts transferred to such accounts bears to the total of amounts transferred to all 4 such accounts for such fiscal year.

(c) LIMITATION.—Nothing in this section shall be construed to authorize any change in the payment methodology for teaching hospitals and medical schools established by this Act.

SUMMARY OF THE MEDICAL EDUCATION TRUST FUND ACT OF 1996

OVERVIEW

The legislation establishes a Medical Education Trust Fund to support America's 124 medical schools and 1,250 teaching hospitals. These institutions are in a precarious financial situation as market forces reshape the health care delivery system. Explicit and dedicated funding for these institutions will guarantee that the United States continues to lead the world in the quality of its health care system.

The Medical Education Trust Fund Act of 1996 recognizes the need to begin moving away from existing medical education payment policies. Funding would be provided for demonstration projects and alternative payment methods, but permanent policy changes would await a report from a new Medical Education Advisory Commission established by the bill. The primary, and immediate, purpose of the legislation is to establish as Federal policy that medical education is a public good which should be supported by all sectors of the health care system.

To ensure that the burden of financing medical education is shared equitably by all sectors, the Medical Education Trust Fund

will receive funding from three sources: a 1.5 percent assessment on health insurance premiums (the private sector's contribution), Medicare, and Medicaid (the public sector's contribution). The relative contribution from each of these sources is in rough proportion to the medical education costs attributable to their respective covered populations.

Over the five year period 1997–2001, the Medical Education Trust Fund will provide average annual payments of about $17 billion, roughly doubling federal funding for medical education. The assessment on health insurance premiums (including self-insured health plans) contributes approximately $4 billion per year to the Trust Fund. Federal health programs contribute about $13 billion per year to the Trust Fund: $9 billion in transfers of current Medicare graduate medical education payments and $4 billion in federal Medicaid spending.

Estimated Average Annual Trust Fund Revenue By Source, 1997–2001

(In billions of dollars)

1.5% Assessment	4
Medicare	9
Medicaid	4
Total	17

INTERIM PAYMENT METHODOLOGIES

Payments to Medical Schools

Medical schools rely on a portion of the clinical practice revenue generated by their faculties to support their operations. As competition within the health system intensifies and managed care proliferates, these revenues are being constrained. Payments to medical schools from the Trust Fund are designed to partially offset this loss of revenue. Initially, these payments will be based upon an interim methodology developed by the Secretary of Health and Human Services.

Payments to Teaching Hospitals

To cover the costs of education, teaching hospitals have traditionally charged higher rates than other hospitals. As private payers become increasingly unwilling to pay these higher rates, the future of these important institutions, and the patient care, training, and research they provide, is placed at risk. Payments from the Trust Fund reimburse teaching hospitals for both the direct and indirect costs of graduate medical education.

Payments for direct costs are based on the actual costs of employing medical residents. Payments for indirect costs are based on the number of patients cared for in each hospital and the severity of their illnesses as well as a measure of the teaching load in that hospital. For the purposes of payments to teaching hospitals, the allocation of Medicare funds is based on the number of Medicare patients in each hospital; the allocation of the tax revenue and Medicaid funds is based on the number of non-Medicare patients in each hospital.

The legislation also includes a ''carve out'' of graduate medical education payments from Medicare's payment to HMOs. Under current law, this payment is based on Medicare's average fee-for-service costs—including graduate medical education costs. Therefore, every time a Medicare beneficiary enrolls in an HMO, money that was being paid to teaching hospitals for medical education in the form of additional payments for direct and indirect costs, is paid instead to an HMO as part of a monthly premium. There is no requirement that HMOs use any of this payment to support medical education. Over a 4-year period, the legislation removes graduate medical education payments from HMO payment calculation. These funds are deposited into the Medical Education Trust Fund and paid directly to teaching hospitals.

MEDICAL EDUCATION ADVISORY COMMISSION

The legislation also establishes a Medical Education Advisory Commission to conduct a study and make recommendations, including the potential use of demonstration projects, regarding the following:

operations of the Medical Education Trust Fund; alternative and additional sources of medical education financing; alternative methodologies for distributing medical education payments; policies designed to maintain superior research and educational capacities in an increasingly competitive health system; the role of medical schools in graduate medical education; and policies designed to expand eligibility for graduate medical education payments to institutions other than teaching hospitals.

The Commission, comprised of nine individuals appointed by the Secretary of Health and Human Services, will be required to issue an interim report no later than January 1, 1998, and a final report no later than January 1, 2000.

By Mr. CHAFEE:

S. 1871. A bill to expand the Pettaquamscutt Cove National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

THE PETTAQUAMSCUTT COVE NATIONAL WILDLIFE REFUGE EXPANSION ACT OF 1996

Mr. CHAFEE. Mr. President, today I am pleased to introduce a bill to enhance legislation I authored in 1988 that established the Pettaquamscutt Cove National Wildlife Refuge in Rhode Island.

Pettaquamscutt Cove—a cove which divides the towns of Narragansett and South Kingstown, RI—is one of the State's natural jewels. The tidal marshes and mudflats in Pettaquamscutt Cove are home to a diverse species of waterfowl, wading birds and shore birds, and numerous small mammals, reptiles, and amphibians.

Pettaquamscutt Cove has been identified as the most important migration and wintering habitat in Rhode Island for the black duck population under the North American waterfowl management plan. I might mention that this plan has been a tremendous success, capitalizing on the cooperative efforts of the Federal Government working with nonprofit groups and local governments. These efforts to protect wetlands—through establishment of national wildlife refuges such as Pettaquamscutt, through conservation efforts to implement the North American Wetlands Conservation Act, and through other statutes like the Wetlands Reserve Program that was recently expanded in the farm bill that protect our Nation's wetlands—have been a great success. Add to this some decent rainfall, and the waterfowl populations have rebounded tremendously. Not since 1955 have we witnessed such a spectacular migration of waterfowl as this past year.

Rhode Island has lost almost 40 percent of its original wetlands. It is essential that we do all we can to hold the line on continued losses of wetlands through preservation of ecosystems such as Pettaquamscutt Cove. By expanding Pettaquamscutt Cove Refuge, this bill will protect the fertile marsh habitat that supports a multitude of fish and wildlife and plants along Rhode Island's coast and provide more recreational opportunities for Rhode Islanders and other visitors.

Currently, the Pettaquamscutt Cove National Wildlife Refuge boundary encompasses 460 acres of salt marsh and surrounding forest habitat. One hundred seventy-five acres of habitat have already been acquired by the Service. This bill expands the Pettaquamscutt Cove National Wildlife Refuge boundary to include a 100-acre parcel, known as foddering farm acres and; allows the Fish and Wildlife Service to expand the refuge boundary to include other important habitat if and when suitable properties become available in the future.

Mr. President, the expansion of Pettaquamscutt Cove Refuge to include the foddering farm acres property provides a wonderful example of cooperation between the Fish and Wildlife Service and private citizens. The 100-acre foddering farm property—adjacent to long pond—contains valuable wetland habitat for waterfowl and other species. The Rotelli family who owns the property has been working with, and waiting patiently for, the U.S. Fish and Wildlife Service for several years. The Rotellis have indicated their willingness to donate a portion of the value of the property to the Service. Through their partial donation, the National Wildlife Refuge System gains valuable habitat at a bargain price. Three cheers for the Rotellis. It is just this kind of private conservation effort and public spiritedness that has enabled us to preserve important open space throughout Rhode Island.

This bill will enable the Fish and Wildlife Service to continue their efforts to work with Rhode Islanders like the Rotellis to protect the beautiful and important natural resources along Rhode Island's coast.

Mr. President, I urge my colleagues to support this legislation and ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1871

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXPANSION OF PETTAQUAMSCUTT COVE NATIONAL WILDLIFE REFUGE.

Section 204 of Public Law 100–610 (16 U.S.C. 668dd note) is amended by adding at the end the following:

''(e) EXPANSION OF REFUGE.—

''(1) ACQUISITION.—The Secretary may acquire for addition to the refuge the area in Rhode Island known as 'Foddering Farm Acres', consisting of approximately 100 acres, adjacent to Long Cove and bordering on Foddering Farm Road to the south and Point Judith Road to the east, as depicted on a map entitled 'Pettaquamscutt Cove NWR Expansion Area,' dated May 13, 1996, and available for inspection in appropriate offices of the United States Fish and Wildlife Service.

''(2) BOUNDARY ADJUSTMENT.—After making the acquisition described in paragraph (1), the Secretary shall revise the boundaries of the refuge to reflect the acquisition.

''(f) FUTURE EXPANSION.—

''(1) IN GENERAL.—The Secretary may acquire for addition to the refuge such lands, waters, and interests in land and water as the Secretary considers appropriate and shall adjust the boundaries of the refuge accordingly.

''(2) APPLICABLE LAWS.—Any acquisition described in paragraph (1) shall be carried out in accordance with all applicable laws.''.

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 206(a) of Public Law 100–610 (16 U.S.C. 668dd note) is amended by striking ''designated in section 4(a)(1)'' and inserting ''designated or identified under section 204''.

SEC. 3. TECHNICAL AMENDMENTS.

Public Law 100–610 (16 U.S.C. 668dd note) is amended—

(1) in section 201(1)—

(A) by striking ''and the associated'' and inserting ''including the associated''; and

(B) by striking ''and dividing'' and inserting ''dividing'';

(2) in section 203, by striking ''of this Act'' and inserting ''of this title'';

(3) in section 204—

(A) in subsection (a)(1), by striking ''of this Act'' and inserting ''of this title''; and

(B) in subsection (b), by striking ''purpose of this Act'' and inserting ''purposes of this title'';

(4) in the second sentence of section 205, by striking ''of this Act'' and inserting ''of this title''; and

(5) in section 207, by striking ''Act'' and inserting ''title''.

By Mr. SIMON:

S. 1872. A bill to amend section 922(x)(5) of title 18, United States Code, relating to the prohibition of possession of a handgun by a minor, to change the definition of minor from under 18 years of age to under 21 years of age: to the Committee on the Judiciary.

AMENDMENTS TO THE YOUTH HANDGUN SAFETY ACT

Mr. SIMON. Madam President, I know that all of my colleagues share my concern about the increasing violence committed by and against young people in our Nation. There are many factors contributing to youth crime and violence and, as legislators, it is essential that we consider them not only as a whole but also individually. One of the contributing factors is clearly the easy access to handguns by young people. According to ''Violence by Young People: Why the Deadly Nexus?'' by Prof. Alfred Blumstein of Carnegie Mellon University, the number of murders committed by juveniles involving a gun has doubled since 1985, while there has been no such shift in the number of non-gun homicides. Guns are therefore playing a disproportionate role in the juvenile murder rate.

The legislation I am introducing amends the Youth Handgun Safety Act. Senator KOHL sponsored this important act, which was passed as part of the 1994 crime bill, to establish a minimum age requirement of 18 years old for the possession of a handgun. Specifically, the act makes it illegal for anyone under age 18 to possess a handgun and for anyone to knowingly transfer a handgun to a juvenile. There are exceptions for ranching or farming, and when the juvenile has written consent from a parent and is in compliance with all State and local laws. The act makes handgun possession and transferring a handgun to a juvenile a misdemeanor crime punishable by fines and up to 1 year imprisonment. Of course, Congress intends this measure to apply to handguns that have traveled in interstate commerce.

Before the act became law, it was illegal for a licensed dealer to sell a handgun to anyone under age 21 and a long gun to anyone under age 18. However, there were no Federal penalties for the under-age person who bought the gun or for private transfers of a handgun. I applaud Senator KOHL for his sponsorship of this important initiative.

As it now stands, however, the Youth Handgun Safety Act defines the term ''juvenile'' as a person who is less than 18 years of age. My proposal would amend the definition of ''juvenile'' in this measure to mean a person who is less than 21 years of age.

Unfortunately, more and more frequently we hear stories about juvenile brawls which turn into deadly battles. Increasing the age limit for possession of a handgun to 21 is one step we can take to try to reduce this bloody cycle. Recognizing that alcohol and teenagers can be a deadly combination, Congress wisely amended the highway fund to include penalties for States that did not raise the drinking age to 21. We should follow this example when it comes to guns and teens as well. By introducing this measure I hope to encourage my colleagues to think about how we might help our teens to grow into responsible young adults. As limiting access to alcohol has certainly saved lives, so too will limiting access to handguns.

I ask unanimous consent that the text of this bill be printed in the RECORD.

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

S. 1872

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT TO THE YOUTH HANDGUN SAFETY LAW.

Section 922(x)(5) of title 18, United States Code, is amended by striking ''18 years'' and inserting ''21 years''.

By Mr. INHOFE (for himself, Mr. CHAFEE, Mr. LIEBERMAN, Mr. FAIRCLOTH, Mr. KEMPTHORNE, Mr. MOYNIHAN, Mr. REID, and Mr. LUGAR):

S. 1873. A bill to amend the National Environmental Education Act to extend the programs under the act, and for other purposes; to the Committee on Environment and Public Works.

THE NATIONAL ENVIRONMENTAL EDUCATION AMENDMENTS ACT OF 1996

Mr. INHOFE. Mr. President, I introduce legislation to reauthorize the National Environmental Education Act. I am joined by my colleagues, Senators CHAFEE, LIEBERMAN, FAIRCLOTH, KEMPTHORNE, MOYNIHAN, REID, and LUGAR. And I am joined on the House side by my colleague, Congressman SCOTT KLUG of Wisconsin, who is introducing an identical bill in the House today.

This bill will reauthorize the educational efforts at the National Environmental Education and Training Foundation and the EPA's Office of Environmental Education. These programs support environmental education at the local level. They provide grant money and seed money to encourage local primary and secondary schools and universities to educate children on environment issues.

With the importance of the environment and the continuing debate on how best to protect it, it is vital to educate our children so that they truly understand how the environment functions.

Over the last few years environmental education has been criticized for being one-sided and heavy-handed. People have accused environmental advocates of trying to brainwash children and of pushing an environmental agenda that is not supported by the facts or by science. They also accuse the Federal Government of setting one curriculum standard and forcing all schools to subscribe to their views. This is not how these two environmental education programs have worked, and I have taken specific steps to ensure that they never work this way.

The programs that this act reauthorizes have targeted the majority of their grants at the local level, allowing the teachers in our community schools to design their environmental programs to teach our children, and this is where the decisions should be made. In addition, the grants have not been used for advocacy or to lobby the Government, as other grant programs have been accused of doing.

This legislation accomplishes two important functions. First, it cleans up the current law to make the programs run more efficiently. And second, it places two very important safeguards in the program to ensure its integrity in the future.

I have placed in this bill language to ensure that the EPA programs are balanced and scientifically sound. It is important that environmental education is presented in an unbiased and balanced manner. The personal values and prejudices of the educators should not be instilled in our children. Instead we must teach them to think for themselves after they have been presented with all of the facts and information. Environmental ideas must be grounded in sound science and not emotional bias. While these programs have not been guilty of this in the past, this is

an important safeguard to protect the future of environmental education.

Second, I have included language which prohibits any of the funds to be used for lobbying efforts. While these programs have not used the grant process to lobby the Government, there are other programs which have been accused of this and this language will ensure that this program never becomes a vehicle for the executive branch to lobby Congress.

This bill also makes a number of housekeeping changes to the programs which are supported by both the EPA and the Education Foundation which will both streamline and programs and make them more efficient.

The grants that have been awarded under this program have gone to a number of local groups. In Oklahoma alone such organizations as the Stillwater 4–H Foundation; Roosevelt Elementary School in Norman, OK; Oklahoma State University; the Kaw Nation of Oklahoma; and the Osage County Oklahoma Conservation District have received grants for environmental education under these programs.

This is an important piece of legislation, and I hope both the Senate and the House can act quickly to reauthorize these programs.

By Mr. JOHNSTON:

S. 1874. A bill to amend sections of the Department of Energy Organization Act that are obsolete or inconsistent with other statutes and to repeal a related section of the Federal Energy Administration Act of 1974; to the Committee on Energy and Natural Resources.

THE DEPARTMENT OF ENERGY STANDARDIZATION ACT OF 1996

Mr. JOHNSTON. Mr. President, the bill that I have just introduced, which is strongly supported by the administration, amends or repeals a number of sections in the Department of Energy Organization Act and the Federal Energy Administration Act of 1974 that are obsolete or that are duplicative or inconsistent with other, Governmentwide statutes governing rulemaking and advisory committee management.

Over the past 3 years, I have proposed, on a number of occasions, amendments to remove administrative requirements of the Department of Energy Organization Act that are more onerous than similar Governmentwide requirements contained in more general statutes. For example, with the support of the Department of Energy [DOE] and the Office of Government Ethics, I have successfully promoted the repeal of financial disclosure and divestiture requirements affecting DOE employees that were more stringent than the comparable requirements of the Ethics in Government Act and that provided potent recruitment disincentives for outstanding potential employees for the Department.

This bill continues the process of placing DOE on a similar footing in administrative law to other Federal agencies. The first subsection in section 2 of the bill repeals redundant and obsolete requirements affecting DOE rule making under the Administrative Procedure Act, and places DOE procurement rulemaking under the same statutory basis, that is, the Office of Federal Procurement Policy Act, as all other Federal agencies. The second subsection repeals a restriction on DOE advisory committees that effectively prevents DOE from using committees under the Federal Advisory Committee Act for peer review of scientific and technical proposals and the selection of awardees for such departmental scientific honors as the Fermi Award and the E.O. Lawrence Award.

The proposals are noncontroversial, the Department of Energy has rendered technical assistance in their drafting, and the administration has indicated its strong support for these provisions in a letter dated June 10, 1996. 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:

THE SECRETARY OF ENERGY,
Washington, DC, June 10, 1996.

Hon. J. BENNETT JOHNSTON,
Ranking Democrat Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR JOHNSTON: This responds to your request for Department of Energy views on proposed amendments to the Department of Energy Organization Act (DOE Organization Act). These amendments would repeal subsections 624(b) and 501(b) and (d) of the Act. The Department strongly supports these amendments.

The first amendment would repeal section 624(b) of the DOE Organization Act (DOE Act) and section 17 of the Federal Energy Administration Act. The amendment would place DOE advisory committees on the same legal and procedural basis as all committees covered by the Federal Advisory Committee Act. Under current law DOE advisory committees are required to meet in public session, while other agencies may close meetings to protect information exempt from disclosure under the Administrative Procedure Act. DOE's more stringent requirement was justified at the time of its enactment by the economic regulatory role of the Department's predecessor, the Federal Energy Administration.

The second amendment would repeal subsections 501(b) and (d) of the DOE Organization Act. Subsections 501(b) and (d) elaborate on requirements in the Administrative Procedure Act interpreted by the Supreme Court to require agencies to provide the basis or purpose of the rule in their rulemaking (*Motor Vehicle Manufacturers Association* v. *State Farm*, 463 U.S. 29, 43 (1983). With repeal of subsections 501(b) and (d), the Department would be governed by the same standard procedural requirements as other agencies in conducting notice-and-comment rulemakings. The Department supports this change.

The Office of Management and Budget advises that there is no objection from the standpoint of the President's program to submission of this report for the Committee's consideration.

If you have further questions, please contact me, or have a member of your staff contact Douglas W. Smith, Deputy General Counsel for Energy Policy, at (202) 586–3410.

Sincerely,

HAZEL R. O'LEARY.

By Mr. HATFIELD (for himself and Mr. WYDEN):

S. 1875. A bill to designate the U.S. Courthouse in Medford, OR, as the ''James A. Redden Federal Courthouse''; to the Committee on Environment and Public Works.

THE JAMES A. REDDEN FEDERAL COURTHOUSE ACT

Mr. HATFIELD. Mr. President, it is my pleasure to introduce today legislation to name a Federal courthouse in my State after a fine lawyer, judge and Oregon citizen, U.S. District Judge James Anthony Redden. My legislation would rename the currently unnamed Federal courthouse in Medford, OR, the James A. Redden Federal Courthouse.

Over the years Judge Redden's many accomplishments have made him worthy of this tribute. Judge Redden practiced law in Medford, OR, from 1956–72. While practicing law he was elected to the Oregon State House of Representatives, in which he served from 1963–69. During the 1967 session he served as the minority leader of the Oregon House of Representatives.

Judge Redden left private practice in 1973 to serve as the Oregon State treasurer. In 1977, he began serving as Oregon attorney general. He served as Oregon's attorney general until 1980, when President Jimmy Carter appointed him to the position of U.S. District Judge. He was also appointed to serve on the U.S. Judicial Conference Committee in 1990 and reappointed to another 3 year term in 1993.

Judge Redden is a charter member of the American Board of Trial Advocates. In 1954, he was admitted to the Massachusetts State bar followed by the Oregon Bar in 1955. In 1955, he was also admitted to the bars of the U.S. District Court of Oregon and Court of Appeals, and finally, in 1979, to the bar of the U.S. Supreme Court.

The most important of Judge Redden's accomplishments is that he practiced law for 20 years in the Federal courthouse my legislation proposes to name in his honor. This courthouse is located in Judge Redden's beloved Jackson County. During his political life, he represented the people of Jackson County for 6 years, and now as a senior judge, he plans to try cases in Jackson County again. He has also taken a special interest in the ongoing renovation of the fine old building.

Once again I believe that it would be a highly appropriate honor to name this courthouse after an individual who has done so much, and who has had such a successful career.

I look forward to working with my colleagues on the Senate Environment and Public Works Committee to advance this important proposal through the Senate.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1875

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States courthouse at 310 West Sixth Street in Medford, Oregon, shall be known and designated as the ''James A. Redden Federal Courthouse''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the ''James A. Redden Federal Courthouse''.

Mr. WYDEN. Mr. President, it is my pleasure to cosponsor legislation to name a Federal courthouse in my State after a fine soldier, lawyer, and judge, U.S. District Judge James Anthony Redden. This legislation would name the Federal courthouse in Medford, OR, the ''James A. Redden Federal Courthouse.''

Judge Redden has made public service the centerpiece of his life. He served his country in the U.S. Army from 1946 to 1948. He honed his legal skills practicing law from 1956 to 1972 in Medford, OR. He then left his private practice to serve the people of Oregon as the Oregon State treasurer in 1973 and as the Oregon attorney general in 1977. In 1980, President Jimmy Carter appointed him to the position of U.S. District Judge.

For 20 years, Judge Redden practiced law in the courthouse that Senator HATFIELD and I propose to rename today. Judge Redden and Senator HATFIELD have worked together over the years to renovate this courthouse, and now I, as a Member of the Senate, am pleased to join in the effort to rename this courthouse after Judge Redden, a great Oregonian and a great American.

By Mr. HARKIN (for himself and Mr. BAUCUS);

S. 1876. A bill to amend chapter 89 of title 5, United States Code, to end health insurance portability for Members of Congress and eliminate continued coverage for departing Members of Congress until health insurance portability for other U.S. citizens is enacted into law, and for other purposes; to the Committee on Governmental Affairs.

THE MOVE IT OR LOSE IT HEALTH COVERAGE ACT

Mr. HARKIN. Mr. President, I rise today to offer the Move It or Lose It Health Coverage Act. This is a straightforward bill that says if Members of Congress fail to move health insurance portability for Americans in a way that can be signed into law, then they will lose the health insurance portability that they now enjoy. If we don't pass it for America, we lose it for ourselves.

My legislation is designed with one goal in mind: to build up the pressure to provide greater health security for millions of American families.

Mr. President, when many Members of Congress leave office today, they can take their health care with them. No need to worry about preexisting condition exclusions or waiting periods or cancellations of policy if they become sick. It's all taken care of. Everything's covered.

Not so for far too many working families. Millions of Americans today face preexisting condition exclusions because they change jobs, lose jobs, or work for employers who change insurance policies.

The legislation I offer today says plain and simple—as long as health insurance portability is denied to working Americans, it ought to be denied to Members of Congress as well. Holding office shouldn't insulate anyone from all the health insurance concerns that face working families in America every day.

And I am hopeful that this bill I offer today will provide the incentive needed for all of us to come together and pass responsible health insurance reform legislation for all Americans.

So my bill says that until Congress passes the Kassebaum-Kennedy health insurance measure or similar legislation, the coverage provided to Members of Congress through the Federal Employees Health Benefits Program [FEHBP] will be modified in several ways so that we know what so many others are facing.

First, health insurers participating in the FEHBP would be allowed to include preexisting condition exclusions in health plans covering Members of Congress. Second, insurers would be free to refuse to issue coverage or renew coverage provided to a Member because of current health, or preexisting medical condition. Carriers would be free to include these restrictions and limitations in any health plan covering a current or retired Member of Congress.

And, third, current Members of Congress would no longer receive taxpayer-subsidized health coverage after leaving office.

Mr. President, the Kassebaum-Kennedy health insurance reform bill passed this body 100 to 0. Not one Senator voted against it. But now that legislation—and those important reforms—are languishing.

It is time to unite together to give the American people some of the same protections and health security that we have. If health insurance portability is good enough for Members of Congress, it ought to be good enough for working Americans, too.

And we must go about passing the Kassebaum-Kennedy reform in the same spirit that it was introduced and approved by the Senate the first time around—with strong bipartisan support and without controversial provisions that will keep it from being signed into law.

Let us pass what the American people want: a clean bill of health. A clean bill of security for American families.

And make no mistake, Mr. President. If the Kassebaum-Kennedy legislation is reduced from the commonsense bill that it was when it left the Senate to merely a partisan, political bill, then there will be no winners and American families will lose.

There is plenty of room to reach common ground by using common sense. It was in that spirit that I acted over 1 month ago to call for a carefully designed pilot project for medical savings accounts. And it is in that spirit that I offer my legislation today.

The Kassebaum-Kennedy bill which passed the Senate unanimously is truly a modest proposal. It does not fix many of the flaws in the current health care system. But it represents an important step toward reforming health care and injecting some fairness into the system. It would offer some welcome relief for American families worried about losing their health insurance.

Specifically, it would allow families to switch health plans without facing preexisting conditions. And it would assure that they won't be dropped and their coverage will be renewed even if they become sick.

The General Accounting Office estimates that 25 million Americans would be helped by portability reforms contained in the Kassebaum-Kennedy health insurance bill.

We can not afford to deny this basic reform to the American people. We have passed common sense change before. We must do so again. The American people demand and deserve no less. It is time to deliver.

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. 1876

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LIMITATIONS OF HEALTH CARE COVERAGE FOR MEMBERS OF CONGRESS.

(a) FINDINGS.—The Congress finds that—

(1) an estimated 81,000,000 United States citizens suffer from some type of preexisting medical condition that could make it difficult to obtain health coverage, especially for that condition;

(2) millions of citizens are at risk of being subjected to preexisting condition exclusions under current law because they change jobs, lose jobs, or work for employers who change insurance policies;

(3) Members of Congress may—

(A) choose to receive a health plan through the Federal Employees Health Benefits Program; and

(B) enroll in a plan without facing restrictions because of health status or preexisting medical conditions;

(4) health care coverage for Members of Congress under such program—

(A) is portable because Members can change plans without worry of preexisting condition exclusions or waiting periods; and

(B) cannot be canceled and is required to be renewed;

(5) Members of Congress are often eligible to continue to receive health care through the Federal Employees Health Benefits Program after they leave Congress; and

(6) Congress should pass legislation to ensure health insurance portability for United States citizens.

(b) ENDING HEALTH INSURANCE PORTABILITY AND OTHER PROTECTIONS FOR MEMBERS OF CONGRESS.—

(1) IN GENERAL.—Section 8902 of title 5, United States Code, is amended by adding at the end the following new subsection:

''(o)(1) Notwithstanding subsection (f) or (h), or any other provision of this chapter, a contract for a plan under this chapter shall provide that a carrier may—

''(A) include in a plan offered to an individual described under paragraph (2) preexisting condition exclusions and impose a limitation or exclusion of benefits relating to treatment of a preexisting condition based on the fact that the condition existed prior to enrollment;

''(B) exclude from enrollment an individual described under paragraph (2) due to health status or preexisting condition; or

''(C) refuse to renew the health plan of an individual described under paragraph (2) due to health status or preexisting condition.

''(2) Paragraph (1) shall apply with respect to the health status or preexisting condition of a member of family of an individual described under paragraph (3).

''(3) An individual referred to under paragraphs (1) and (2) is—

''(A) a Member of Congress; or

''(B) an annuitant who on the date immediately preceding the date of retirement described under section 8901(3)(A) was a Member of Congress.

''(4) This subsection shall cease to be effective on and after the date on which the Director of the Office of Personnel Management has received certification from the Secretary of Labor that a statute has been enacted into law that—

''(A) makes health coverage for United States citizens portable by limiting exclusions for preexisting conditions;

''(B) guarantees availability of health insurance to United States citizens; and

''(C) guarantees renewability of health coverage to employers and individuals as long as premiums are paid.''.

(2) EFFECTIVE DATE.—This subsection shall take effect 30 days after the date of the enactment of this section.

(c) ELIMINATION OF COVERAGE FOR DEPARTING MEMBERS OF CONGRESS.—Section 8905 of title 5, United States Code, is amended—

(1) in subsection (b) by striking ''An annuitant'' and inserting ''Subject to subsection (g), an annuitant''; and

(2) by adding at the end the following new subsection:

''(g)(1) This section shall not apply to any annuitant who—

''(A) on the date immediately preceding the date of retirement described under section 8901(3)(A) was a Member of Congress; and

''(B) becomes an annuitant on or after the date which occurs 30 days after the date of the enactment of this subsection.

''(2) This subsection shall cease to be effective on and after the date on which the Director of the Office of Personnel Management has received certification from the Secretary of Labor that a statute has been enacted into law that—

''(A) makes health coverage for United States citizens portable by limiting exclusions for preexisting conditions;

''(B) guarantees availability of health insurance to United States citizens; and

''(C) guarantees renewability of health coverage to employers and individuals as long as premiums are paid.''.

By Mr. MURKOWSKI (for himself and Mr. STEVENS):

S. 1877. A bill to ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States; to the Committee on Energy and Natural Resources.

THE ENVIRONMENTAL IMPROVEMENT TIMBER CONTRACT EXTENSION ACT OF 1996

• Mr. MURKOWSKI. Mr. President, today along with Senator STEVENS and Congressman YOUNG, I am introducing the Environmental Improvement Timber Contract Extension Act of 1996. This bill would extend for 15 additional years the long-term timber sale contract on the Tongass National Forest between the Forest Service and the Ketchikan Pulp Corp. [KPC]. The extension would provide KPC with a stable timber supply over a sufficient length of time to amortize the cost of new environmental improvements and energy efficiency equipment. KPC's situation is unique because all of its timber comes from the Forest Service. There is no State or private timber available to the company.

I am introducing this bill as a result of: First, the important role that KPC plays in the social, economic, and environmental vitality of southeast Alaska; second, the strong, bipartisan support within the State for this action; third, the record from field hearings I held last month in southeast Alaska which overwhelmingly supports introduction; and fourth, the performance of the Forest Service which strongly indicates that, without congressional intervention, the KPC mill cannot survive. Let me elaborate on each of these factors.

First, let me describe the nature of the forest in southeast Alaska. Thirty percent of the trees are dead or dying. The fiber is suitable only for pulp. Without a pulp mill, lumber mills would be less profitable and the pulp would have to be exported, creating no domestic jobs. Let me also share with my colleagues what the Forest Service told us about the evolution and importance of KPC's long-term contract to southeast Alaska. Here is what the Agency told us at a May 28 oversight hearing in Ketchikan, AK:

The long-term contracts in Alaska which required the construction and operation of manufacturing facilities such as sawmills and pulp mills facilitated the establishment of a timber industry in southeast Alaska.

Prior to the 1950's, economic conditions in southeast Alaska were characterized as boom-bust. Federal Government employment, mining and salmon processing were the economic mainstays. After World War II, mining was essentially gone, leaving a small local timber industry and commercial fishing in the natural resources sector. Both the timber and commercial fishing industries were subject to market swings from year to year and were seasonal in terms of employment. The United States favored the expansion of the timber industry through several long-term timber sales on the Tongass National Forest to stabilize employment in southeast Alaska.

Making the best use of the timber on the Tongass required having suitable markets for both high and low quality timber and species. The markets were largely export markets in the Pacific Rim and were somewhat limited by the need to use most of the timber for pulp. The Forest Service advocated the use of long-term sales to establish a pulp industry that would bring greater economic diversity to the region and more year-round employment. If successful, more service and trade establishments were expected to follow—creating greater tax bases, which would provide opportunities for improved services, such as schools, water, fire protection, and the like. For all of this to come together, however, the Forest Service had to guarantee a long-term, stable timber supply to attract outside capital investment.

I found this testimony compelling. The Forest Service witnesses recounted the decisions of their predecessors—farsighted people recognizing the nature and importance of the resource and planning for an environmentally and economically secure future. The Forest Service recognized that, as the sole owner of land and timber, it controlled the economic and environmental vitality of the region.

Well what is the situation today? Today, KPC's operations directly or indirectly provide 25 percent of the total annual employment wages in Ketchikan. KPC's municipal real estate and sales taxes generated $13.6 million in revenues in 1992.

More broadly, the southeast Alaska timber industry is the dominant contributor to real estate development in Ketchikan. More than 25 percent of all households are timber dependent, and the typical timber employee can purchase more than 90 percent of the existing housing units. KPC comprises more than 50 percent of the total borough's industrial assessed valuation.

Tourism and fishing are also important to the economy of Ketchikan and southeast Alaska. We need all three of our basic industries—timber, fishing, and tourism—to be healthy if we are to have a healthy economy in the region. But quite simply, without some stability of timber supply, the economies of the region generally, and Ketchikan specifically, are doomed.

Perhaps that is why the proposal to extend the KPC contract has received broad, bipartisan support from elected officials throughout the State. Earlier this year, the Alaska Senate voted 18 to 1 to support a resolution urging the Congress to extend the contract. The Alaska House voted 34 to 3 to support the same measure. These are extraordinary margins of support. I will submit the resolution for the record.

Then, the Governor joined in, offering his support for congressional action to extend the contract. In a May 23 letter to me, Gov. Tony Knowles informed me that:

The State of Alaska supports a KPC contract extension, contingent on KPC's agreement with the following five principles: To protect the environment, Alaska jobs, and

other forest users; and to utilize the Tongass Land Management Planning [TLMP] process and value-added processing techniques.

I am pleased to say that these conditions have been agreed to by KPC and are included in the compromise legislation I am introducing today. I will include the Governor's letter for the RECORD.

After receiving these views from the legislature and the Governor, I scheduled two oversight hearings on May 28 and May 29 in Ketchikan and Juneau, respectively. What I heard at these hearings was overwhelming support for the legislature's resolution, the Governor's action, and the extension of the KPC contract. I heard from tourism interests, bankers, and fishermen who supported the contract extension. While not unanimous, the preponderance of testimony offered over the 2 days—and all of the demonstrators who marched in Ketchikan, as well as most or them in Juneau—called for congressional action to extend the contract. These people recognize that there is no alternative source of timber available.

Last, I am introducing this legislation today because I have finally lost confidence in the ability of the Forest Service to provide a stable and sustainable supply of timber for southeast Alaska. Over the past few years, the agency has fallen further behind in keeping a working timber sale pipeline. This problem has worsened despite the efforts of Senator STEVENS to provide the agency with additional funding for timber sale preparation. Consequently, more than half of the operating mills in southeast Alaska have closed their doors during the last few years during this administration's watch. KPC is the last remaining pulp mill in the State.

This situation is absolutely tragic. The Tongass is our Nation's largest national forest. Yet the level of economic activity associated with the production of forest products is very small, and sinking. We have only one pulpmill and a few scattered sawmills left. Employment in the industry has fallen 40 percent since 1990. New Yorkers burn more wood in their fireplaces and stoves than we harvest in southeast Alaska each year.

In its May 25 testimony, the Forest Service acknowledged that "the contract with Ketchikan Pulp Co. [KPC] has played an important role in the development of Alaska's resources in southeast." Given this admission, one would think that the Forest Service would want to see the mill stay. One would expect the Forest Service to weigh-in in favor of a contract extension. But not so.

In very disappointing testimony, the agency maintained that "the terms of the existing contract provide that all obligations and requirements of the long-term contract must be satisfied on or before June 30, 2004." In response to questions about any future obligations past that date, the agency insisted that it has none—none. This testimony was offered even though the preamble to the contract discusses a commitment to a permanent economic base.

On the question of whether Congress should extend the contract, the Forest Service testified that "a long-term commitment of resources through a timber contract could further affect the flexibility of management on the Tongass," and that "we are committed to completing the Revision of the Tongass Land Management Plan before we begin any discussion of future long-term commitments to timber related industries in Southeast." Yet, in response to questions, the agency witnesses could not tell me: First, whether such commitments could be made within the latitude provided by the range of alternatives in the draft TLMP; second, whether additional National Environmental Policy Act analysis would be required; or third, whether such commitments would actually be precluded by the selected alternative of the final plan. The testimony was extremely unsettling. It convinced me that either the Forest Service and/or the administration would like to see the KPC mill go away.

They have apparently no interest in seeing KPC invest $200 million to pioneer chlorine-free manufacturing technology that could benefit environmental control efforts nationwide. That is also tragic.

Mr. President, the simple facts are that—without the contract extension—KPC will be unable to amortize the required capital investments for environmental improvements, and it will go away. The company's new CEO also testified on May 28. He was refreshingly, if not reassuringly, frank. He said:

In the very near future, we have to decide whether to continue the large investments required to make KPC viable or whether the losses currently being inflicted by the appropriate implementation of the contract can be carried any longer. Now, we are going to make that decision relatively soon. This is not an issue for the year 2003. This is a 1996 issue and decision.

We will make that decision, first of all, based on just to keep running today we must have the Forest Service meet the intent of the long-term bilateral contract, including the volume and pricing provisions. And, then, secondly, to continue to invest at the rapid rate that we are right now, millions of dollars per quarter, this revised version of the long-term contract must be extended a minimum of 15 years at an offering level of 192 million board feet per year.

The people of KPC and the thousands of people who have worked with us have met its—their contractual obligations to develop the economy and provide permanent, year-round employment for southeast Alaska. We want the government to meet its contractual obligation to provide a sufficient volume of economically viable timber in a timely fashion.

Some in southeast Alaska suggest that the region does not need the KPC pulpmill to have a successful and sustainable timber industry. What is needed they opine, is to eliminate the monopoly contract and develop more small, value-added manufacturing facilities.

This is wishful thinking. The independent mill witnesses at our hearings indicated that the lack of a stable timber supply will preclude any additional investments in southeast Alaska. The manufacture of pulp is a higher value added process than any of the alternatives suggested by opponents of the pulpmill. The loss of the pulpmill will destabilize the industry and the infrastructure of the region, and have a chilling effect on future industry investments. Available capital will migrate to other regions.

Mr. President, I cannot stand idly by and watch the town of Ketchikan die. I will not. I am introducing, and ask respectful consideration of, the Environmental Improvement Timber Contract Extension Act.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

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

S. 1877

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 "Environmental Improvement Timber Contract Extension Act."

SEC. 2. MODIFICATION OF LONG-TERM CONTRACT REGARDING TONGASS NATIONAL FOREST.

(a) DEFINITIONS.—In this section:

(1) The term "board feet" means net scribner long-log scale for all sawlogs and all hemlock and spruce utility grade logs.

(2) The term "contract" means the timber sale contract numbered A10fs–1042 between the United States and the Ketchikan Pulp Company.

(3) The term "contracting officer" means the Regional Forester of Region 10 of the United States Forest Service.

(4) The term "mid-market criteria" means an appraisal that ensures an average timber operator will have a weighted average profit and risk margin of at least 60 percent of normal in a mid-market situation, representative of the most recent 10 years of actual market data.

(5) The term "proportionality" means the proportion of high volume stands (stands of 30,000 or more board feet per acre) to low volume stands (stands of 8,000 to 30,000 board feet per acre.)

(6) The term "purchaser" means the Ketchikan Pulp Company.

(b) FINDINGS.—Congress finds the following:

(1) On July 26, 1951, the Forest Service, on behalf of the United States, and the purchaser entered into a contract to harvest 8,250,000,000 board feet of timber from the Tongass National Forest in the State of Alaska. While the contract is scheduled to end June 30, 2004, it acknowledges an intention on the part of the Forest Service to supply adequate timber thereafter for permanent operation of the purchaser's facilities on a commercially sound and permanently economical basis. This legislation is necessary to effectuate that intent.

(2) A pulp mill or similar facility is necessary in southeast Alaska to optimize the level of year-round, high-paying jobs in the area, to provide high value added use of low-

grade wood and by-product material from sawmilling operations, and to maintain a stable regional economy.

(3) The purchaser plans to make environmental and operational improvements to its pulp mill, including conversion to an elementally chlorine free bleaching process, expansion of wastewater treatment facilities, relocation of the existing wastewater outfall, and improvements to chemical recovery and power generation improvements to chemical recovery and power generation equipment. Total capital expenditures are estimated to be $200,000,000, $25,000,000 of which the purchaser has already invested.

(4) Extension of the contract for 15 years is the minimum reasonable extension period to allow amortization of these environmental improvement and energy efficiency projects.

(5) Ketchikan is the fourth largest city of Alaska. Its economic and job base are extremely dependent upon the continuation of the contract, which provides the principal source of year-round employment in the area. The purchaser has stated among its goals and objectives the following:

(A) Continuation of a long-term commitment to Ketchikan and southeast Alaska, including maintenance of a stable Alaskan workforce, utilization of Alaskan contractors, vendors, and suppliers to permit those businesses to hire and maintain Alaskan employees.

(B) Participation in the Forest Service's land management planning process with other users so that the process may be completed expeditiously with maximum information.

(C) Adherence to sound principles of multiple-use and sustained yield of forest resources providing for the production of sustainable contract volumes for the purchaser and the other timber operators in southeast Alaska and the protection and promotion of other forest uses, including tourism, fishing, subsistence, hunting, mining, and recreation.

(D) Protection of air, water, and land, including fish and wildlife habitat, through compliance with applicable Federal, State, and local laws.

(E) Commitment to continue to explore new processes and technology to maximize the use of timber harvested and increase the value of products manufactured in southeast Alaska.

(6) The national interest is served by a policy that accomplishes the proper stewardship of publicly owned assets in the Tongass National Forest, a fair return to the United States for public timber in the Tongass National Forest, and a proper balance among multiple use interests in the Tongass National Forest to enhance forest health, sustainable harvest, and the general economic health and growth in southwest Alaska and the United States in order to improve national economic benefits. The national interest is best achieved by fostering domestic forest product markets and by modifying the terms of the contract pursuant to subsection (c).

(c) CONTRACT FAIRNESS CHANGES.—The contract is hereby modified as follows:

(1) EXTENSION.—The term of the contract is extended by 15 years from June 30, 2004.

(2) SALE OFFERING PLAN.—The contract shall include a plan describing the amount of volume, location, and the schedule by which the purchaser shall receive the timber required by paragraph (3) for the remainder of the contract term. The plan shall be coordinated with the Tongass Land Management Plan.

(3) VOLUME REQUIREMENTS.—The volume of timber required under the contract shall be provided in 5-year increments of 962,500,000 board feet, which the purchaser shall be obligated to harvest in an orderly manner, subject to the following:

(A) Until March 1, 1999, when the next 5-year increment is provided to the purchaser, the Forest Service shall provide the purchaser with at least 192,500,000 board feet per year of available timber at a date certain each year and shall maintain a supply of timber adequate to insure the purchaser can reasonably harvest 192,500,000 board feet each year.

(B) To ensure harvest in an orderly manner, the contracting officer shall provide for the construction by the purchaser of roads in portions of the 5-year increment area of timber in advance of the 5-year operating period by including such roads in the environmental impact statement prepared for the 5-year operating period.

(C) Timber selected for inclusion in the 5-year increment shall meet the mid-market criteria.

(4) APPRAISALS AND RATES.—The contracting officer shall perform appraisals using normal independent national forest timber sale procedures and designate rates for the increments of timber to be provided. The rates shall not be designated at a level that places the purchaser at a competitive disadvantage to a similar enterprise in the Pacific Northwest and those rates shall be the sole charges the purchaser shall be required to pay for timber provided.

(5) MEASUREMENT OF PROPORTIONALITY.—The Forest Service shall measure proportionality using the following criteria:

(A) Measure for groups of all contiguous management areas.

(B) Measure proportionality by acres.

(C) Measure proportionality over the entire rotation age.

(6) CONVERSION OR REPLACEMENT OF PULP MILL.—The purchaser may convert or replace, in part or in whole, its pulp mill with a facility that manufactures any other value added product that utilizes pulp logs as a raw material component.

(7) UNILATERAL TERMINATION.—The unilateral termination clause of the contract is eliminated.

(8) SUBSEQUENT MODIFICATIONS.—Any clause in the contract, as modified by this subsection, may be further modified only by mutual agreement of the Forest Service and the purchaser and may be so modified without further Act of Congress.

(d) EFFECTIVE DATE FOR CONTRACT MODIFICATION.—

(1) EFFECTIVE DATE.—The modifications made by subsection (c) shall take effect 45 days after the date of the enactment of this Act.

(2) MINISTERIAL DUTY TO MODIFY THE CONTRACT.—Not later than such effective date, the contracting officer shall revise, as a ministerial function, the text of the contract to conform with the modifications made by subsection (c) and implement the modified contract. The contracting officer shall make conforming changes to provisions of the contract that were not modified by subsection (c) in order to ensure that the modifications made by such subsection are implemented.

(e) TRANSITION TIMBER SUPPLY.—Timber volume available or scheduled to be offered to the purchaser under the contract in effect on the day before the date of the enactment of this Act shall continue to be offered and scheduled under the contract as modified by subsection (c) along with such additional timber volume as is necessary to satisfy the timber volume requirement of 192,500,000 board feet per year.

SENATE JOINT RESOLUTION NO. 40 IN THE LEGISLATURE OF THE STATE OF ALASKA

Whereas, for the last 40 years, the timber industry operating on national forest land in Southeast Alaska has been the largest private employer in Southeast Alaska; and

Whereas the United States Forest Service strategy for creating permanent year-round employment through a timber industry in Southeast Alaska has been to offer long-term contracts to attract pulp mills to use, and add value to, low-grade and by-product materials from timber harvesting; these pulp mills serve as a market for pulp logs and chips from the sawmills in Southeast Alaska; and

Whereas pulp mills assure full utilization and protect forest health by using that significant portion of the Tongass National Forest that consists of dead, dying, and overmature timber; and

Whereas, since passage of the Tongass Timber Reform Act of 1990 (TTRA), a pulp mill and a major sawmill have closed, and more than 40 percent of the timber industry has been lost due, in part, to the failure of the United States Forest Service to make available the approximately 420,000,000 board feet per year needed to meet the jobs protection promises made by those who sought passage of the TTRA, all of which has created severe social and economic harm to the timber industry, its workers, and timber-dependent communities in Southeast Alaska; and

Whereas another of the reasons for the closure of the Sitka pulp mill was the adverse economic impacts of unilateral changes to its long-term contract made by the TTRA, those unilateral changes also adversely impact the economics of the Ketchikan Pulp Company (KPD) contract; and

Whereas KPC, which obtained a long-term contract to help create year-round jobs in Southeast Alaska, is the sole remaining pulp mill in Alaska, a mjor employer in Southeast Alaska, and the market for pulp logs and chips from all the other sawmills in Southeast Alaska; and

Whereas the loss of the KPC pulp mill would lead to the loss of the entire industry now operating on the Tongass National Forest with devastating social and economic effects on families and communities throughout Southeast Alaska; and

Whereas, KPC pulp mill faces an uncertain future, not of its own making, as a result of the continuing log shortage created by the failure of the United States Forest Service to meet its volume requirements under KPC's contract and the TTRA, as a result of the adverse economic impacts to its long-term contract caused by the unilateral TTRA changes, and as a result of the requirement that more than $155,000,000 in capital expenditures be made over the next few years to meet new and ever changing federal environmental standards and operating needs; and

Whereas, as a matter of economic common sense, KPC cannot make all the necessary expenditures without the federal government extending its contract for a sufficient period to amortize those expenditures, without an adequate supply of timber, and without modifying those portions of the unilateral TTRA contract changes that have adversely impacted the contract's economics; and

Whereas the legislature finds that an additional 15 years is a minimum reasonable period to extend the KPC's timber sale contract to allow such amortization and to provide opportunities for value-added alternatives that maximize the number of jobs and assures environmentally sound operations; and

Whereas the legislature finds that sufficient timber must be made available to maintain the KPC contract, to provide 100,000,000 board feet for the contracts to small business, and to reopen the Wrangell facility and a by-product facility in Sitka; be it

Resolved, That the Alaska State Legislature respectfully urges the Alaska delegation

in Congress and the Governor to take all steps necessary, this year, to extend the Ketchikan Pulp Company long-term contract for an additional 15 years and modify those portions of the contract which the TTRA unilaterally impacted, because such an extension and modification are critical to the environmental, social, and economic well-being of the Tongass National Forest timber workers, their families, and timber-dependent communities in Southeast Alaska and because such an extension is in the public interest of the State of Alaska; and be it further

Resolved, That the Tongass National Forest should be managed for a healthy and diversified economy for the benefit of all users, including value-added forest products, commercial and sport fishing, seafood processing, tourism, subsistence, sport hunting, and local businesses that provide goods and services; and be it further

Resolved, That the Alaska State Legislature also respectfully urges the Alaska Congressional Delegation, the Governor, and the United States Forest Service to take action this year to assure that sufficient timber be made available as part of any revision of the Tongass Land-Use Management Plan to maintain the Ketchikan Pulp Company contract, to provide 100,000,000 board feet for small business contracts, and to reopen the Wrangell facility and a by-product facility in Sitka.

Copies of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Daniel R. Glickman, Secretary of the U.S. Department of Agriculture; the Honorable Bruce Babbitt, Secretary of the U.S. Department of the Interior; the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; the Honorable Strom Thurmond, President Pro Tempore of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Washington, DC, May 23, 1996.

Hon. FRANK MURKOWSKI,
U.S. Senate, Washington, DC.

DEAR SENATOR MURKOWSKI: On behalf of Governor Tony Knowles, I hereby submit, for the hearing record, the attached letter from the Governor to Mr. Mark Suwyn, Chairman of Louisiana-Pacific Corporation, concerning a possible contract extension for the Ketchikan Pulp Company (KPC).

As the attached letter indicates, the State of Alaska supports a KPC contract extension, contingent on KPC's agreement with the following five principles: to protect the environment, Alaska jobs, and other forest users; and to utilize the Tongass Land Management Planning (TLMP) process and value-added processing techniques. The State's support for a contract extension, however, leaves for the federal public process to resolve the issues of volume, contract duration, and pricing structure.

With respect to the TLMP process, which we understand you are also having hearings on, the State continues to provide information and comments to the United States Forest Service in an effort to develop a management plan for the Tongass that is based on sound science, prudent management, and meaningful public participation.

In addition to this letter for the record, the State plans to be represented at the hearings by Veronica Slajer, of the Department of Commerce and Economic Development, who will be in attendance to listen to the testimony of the witnesses. As we informed your staff earlier, Ms. Slajer will not be testifying at the hearings, but the State is interested in learning about what others think about these issues so that the State can incorporate these thoughts in the formulation of State policy.

Thank you for considering the State's views.

Sincerely,

JOHN W. KATZ,
Director of State/Federal Relations and Special Counsel to the Governor.

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Juneau, April 26, 1996.

Mr. MARK SUWYN,
Chairman and CEO, Louisiana Pacific Corporation, Portland, OR.

DEAR MARK: Thank you for our recent discussions about the future of the Kctchikan Pulp Company (KPC).

As you know, my Administration has consistently supported a sustainable timber industry in the Tongass, including a predictable timber supply to meet the terms of the KPC contract and 100 million board feet for small operators through Small Business Administration sales. Thousands of Alaskan families depend on the Tongass for their livelihoods, subsistence hunting and fishing, recreation, and other uses.

With this letter, I want to inform you my Administration supports a KPC contract extension, contingent on the five principles outlined below. As you mentioned during our recent meeting, a decision to extend KPC's current contract is a federal one. While the state has no authority to grant an extension, the long-term partnership between the people of Southeast Alaska and the timber industry and between the City of Kctchikan and KPC gives us an important interest in the extension issue. This partnership has benefited the jobs and families of Southeast Alaska and has helped maintain healthy, safe, and stable communities.

Inherent in this long-term partnership are five principles:

1. *Environmental Protection*. Protection of air, water, and land, including fish habitat through compliance with applicable federal, state, and local laws. This means KPC should develop a plan to achieve full compliance with environmental laws within three years. This would include a meaningful public process that resolves public health and environmental issues.

2. *Commitment to Ketchikan*. A long-term commitment to Ketchikan and the maintenance of a stable workforce, including the hiring and training of resident Alaskans and a willingness to hire Alaska contractors. KPC should have longer terms contracts with Alaska timber businesses to provide them the certainly to hire permanent employees from Alaska. KPC should support a policy for directing 50 percent of the timber from SBA sales to in-state secondary processing through contracts with SBA timber businesses.

3. *Multiple Use*. Adherence to sound principles of multiple use and sustained yield of forest resources. This means the production of sustainable contract volumes for KPC and the small timber operators in southeast and the protection and promotion of other forest uses and users, including tourism, fishing, subsistence, hunting, mining, and recreation.

The planning process is of little value if individual sales remain mired in controversy and litigation. Therefore, timber offerings in areas of high community interest and important fish habitat, such as Cleveland Peninsula, Honker Divide, East Kuiu, and Poison Cove, should be avoided. In addition, every effort should be made to bring about a transition from the harvest of old growth to second growth timber.

4. *TLMP Process*. The Tongass Land Management Plan, including full participation by the timber industry and other forest users, must be completed expeditiously. The timber volume available for harvest must be determined through the TLMP planning process.

5 *Value-Added*. The timber industry should continue to explore new processes and technology to maximize the use of timer harvested and increase the value of products.

As we discussed, the matter of volume, contract duration, and price must be determined by the federal public process.

I look forward to our continued cooperation.

Sincerely,

TONY KNOWLES,
Governor. ●

By Mr. AKAKA:

S. 1878. A bill to amend the Nuclear Waste Policy Act of 1982 to prohibit the licensing of a permanent or interimnuclear waste storage facility outside the 50 States or the District of Columbia, and for other purposes; to the Committee on Environment and Public Works.

THE NUCLEAR WASTE POLICY ACT OF 1982 AMENDMENT ACT OF 1996

Mr. AKAKA. Mr. President, today I am introducing an amendment to the Nuclear Waste Policy Act to prohibit an interim or permanent nuclear waste storage facility outside of the 50 States. My bill would prevent the Nuclear Regulatory Commission from issuing a license to store nuclear waste in any of the territories, or on U.S. possessions such as Midway Island or Palmyra Atoll.

Some of my Senate colleagues may wonder whether this is a bill in search of a problem that does not exist. Until a few weeks ago, I would have never imagined that legislation such as this was necessary. However, based on information I have compiled, it is clear that the bill I am proposing is urgently needed.

Earlier this year, the Honolulu papers reported that Palmyra Island, a Pacific atoll located 900 miles southwest of Hawaii, was sold to a New York investment firm known as KVR, Inc. The reason KVR purchased Palmyra has always been vague and uncertain. However, 2 weeks ago details of a scheme for Palmyra were uncovered when the island's new owners quietly circulated legislation that would direct the Nuclear Regulatory Commission to issue a license for high-level nuclear fuel storage on Palmyra. The State of Hawaii and its delegation in Congress strongly oppose this proposal.

I have recently discovered that Palmyra was not the only island targeted for nuclear storage. Midway Island and sites in the Republic of the Marshall Islands were also proposed for nuclear waste storage by the owners of Palmyra and their associates.

As more and more information surfaces about the activities of Palmyra's new owners, their business associates, and the web of corporations they control, the true picture of their scheme emerges. When you fit all the pieces of

the puzzle together, you find that a group of nuclear entrepreneurs have been combing the Pacific for the past 2 years, searching for a home for their nuclear waste dump. It is an affront to Hawaii and the Pacific that they would hatch this scheme and operate in the shadows for so long.

Let me present the facts in greater detail. In October 1994, the developers of this nuclear waste initiative wrote the President of the Republic of the Marshall Islands to propose that high-level nuclear waste be stored in the Marshall Islands. Prior to sending their letter, representatives from both sides met in Washington to discuss the proposal. In exchange for providing exclusive use of an island for storing nuclear fuel, the Republic of the Marshall Islands Government would receive $160 million in concession payments as well as a share of any profits from the venture.

Fortunately this initiative did not succeed. The plan to store nuclear materials in the Republic of the Marshall Islands was opposed by the Clinton administration and prompted Congress to enact legislation prohibiting the Department of Energy from negotiating such an arrangement with the Republic of the Marshall Islands Government.

At this point the scheme to build a nuclear waste dump on a low-lying Pacific atoll appeared dead. But the proposal resurfaced when a group of Washington lobbyists and Wall Street financiers purchased Palmyra Atoll earlier this year.

The bill drafted by the new owners of Palmyra is one of the most remarkable legislative proposals I have seen in my 20 years in Congress. It is a legislative blank check, granting carte blanche authority to the owners of Palmyra to become the world's only, privately owned nuclear fuel storage and reprocessing enterprise. This proposal would vastly increase the risk of nuclear proliferation by placing the critical elements of weapons of mass destruction—plutonium and uranium—in private hands.

The bill directs the Nuclear Regulatory Commission to issue a license to store 200,000 tons of nuclear fuel on Palmyra. The license shall be granted for the maximum period permitted by law. By directing the NRC to license nuclear waste storage on Palmyra, the draft legislation would circumvent NRC licensing standards and waive environmental, engineering, and safety requirements that normally apply to the storage of spent nuclear fuel.

One of the boldest elements of the bill grants the owners of Palmyra the exclusive right to determine the scope of activities on the atoll. Why should anyone, whether a private individual or an arm of government, be granted unfettered authority over an island where 200,000 tons of nuclear fuel is being stored and reprocessed? This would be nuclear madness.

Another flaw of this proposal is that atolls like Palmyra are environmentally sensitive and prone to erosion and extreme weather conditions. Eastern Island, the highest point on the atoll, is less than 6 feet above sea level.

Any nuclear material stored at Palmyra would eventually have to be relocated. The National Academy of Sciences and the Nuclear Regulatory Commission have determined that above-ground storage of nuclear materials can only be an interim solution. Spent nuclear fuel stored at Palmyra would eventually have to be relocated to a permanent storage site. If this proposal succeeds, ships carrying spent nuclear fuel from all corners of the globe will transect the Pacific to deposit nuclear material at Palmyra, only to transport this fuel once again to a permanent storage site at another location. If the plan for nuclear reprocessing goes forward, the traffic in nuclear cargo would increase dramatically.

The bill further declares that the owners of Palmyra shall have title to any nuclear fuel, commencing at the time waste is transferred to containers bound for Palmyra. It would summarily select a site for storing nuclear waste without scientific or technical evaluation of the geologic, hydrologic, seismic or other conditions of the atoll. It negates decades of research, planning, and development we have invested in achieving an acceptable approach to our nuclear waste problem.

Of course, in order to achieve this remarkable plan, the bill waives the Clean Water Act and the National Environmental Policy Act. These laws are the hallmark of our Nation's commitment to protecting the environment and enjoy broad, bipartisan support. The notion that these fundamental environmental laws should be waived during the licensing of a high-level nuclear waste storage site is simply irresponsible. The American people will never accept such a proposal, no matter how well it is sugarcoated.

The revelation this week that Midway, an island that is part of the Hawaiian chain, was also sought by the owners of Palmyra is an especially frightening development for the people of Hawaii. In December 1995, the chairman of U.S. Fuel and Security requested that the Navy allow high-level nuclear fuel storage on Midway Island. U.S. Fuel and Security is a company affiliated with the new purchasers of Palmyra. The company has a business plan that calls for storing nuclear materials on a privately owned island in the Pacific Ocean, which we now know to be Palmyra.

Fortunately, the request was denied and the Navy transferred operational control of Midway to the U.S. Fish and Wildlife Service in May of this year. The purchase of Palmyra was consummated only after it became clear that the Navy would not approve the proposal for Midway storage.

Weeks ago, when details first surfaced about establishing a nuclear waste dump on Palmyra, it was difficult to believe that there was any truth to these proposals. But as I uncovered more and more information, I began to realize that this story was fact, and not fiction. This tale of nuclear intrigue is like a bad onion. Each time you peel away another layer it smells even more. You begin to wonder what else this group is up to that we do not know about.

That is why I am introducing legislation to prohibit the storage of nuclear waste in any of the Pacific territories or on U.S. islands such as Midway or Palmyra. My bill is a preemptive strike against proposals to store nuclear waste on Palmyra. It would shut the door on any possibility of turning these Pacific islands into a nuclear waste dump.

I also want to put the Senate on notice that I am examining legislation to transfer jurisdiction of Palmyra, Midway, and five other U.S. possessions to the State of Hawaii. This proposal would give Hawaii legal authority over, but not title to, these islands.

When a similar proposal surfaced last year in the House of Representatives, legitimate concerns were raised about the potential liability associated with such a transfer. In light of efforts to store nuclear fuel on some of these islands, I believe that we should revisit the idea of placing these Pacific islands, which are geographically close to Hawaii, under the State's jurisdiction. I will closely examine the question of liability and take steps to ensure that the Federal Government is responsible for cleanup of any hazardous or toxic substances on these islands, and that the State of Hawaii is indemnified from future liability.

Transferring jurisdiction of islands like Palmyra and Midway to the State of Hawaii would mean that our Governor, the State legislature, and ultimately the people of Hawaii would have a greater say in determining the future of these islands. This legislation could be a substitute for, or an addition to, the bill I have introduced today.

My colleagues, the nuclear era began in the Pacific when the first atomic bomb was dropped on Hiroshima. Since that time, more than 150 nuclear devices have been detonated in the region. The United States conducted 66 tests in the Marshall Islands and Johnston Atoll during the 1940's and 1950's. The British conducted 21 tests on Christmas Island and in Australia during the 1950's. The French detonated more than 180 devices on Mururoa and Fangataufa Atolls under a nuclear testing program that began in 1974 and ended in February 1996. The environmental consequences of this nuclear legacy are evident throughout the Pacific to this day.

Given the international outpouring of criticism during the recent French testing, it is inconceivable that anyone would consider establishing the world's largest spent nuclear fuel dump at Palmyra. The Pacific has been under assault since the dawn of the nuclear era

and should not become a future dumping ground for the world's nuclear problems. Half a century of nuclear testing is enough.

ADDITIONAL COSPONSORS

S. 258

At the request of Mr. PRYOR, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 258, a bill to amend the Internal Revenue Code of 1986 to provide additional safeguards to protect taxpayer rights.

S. 1610

At the request of Mr. BOND, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 1610, a bill to amend the Internal Revenue Code of 1986 to clarify the standards used for determining whether individuals are not employees.

S. 1628

At the request of Mr. BROWN, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 1628, a bill to amend title 17, United States Code, relating to the copyright interests of certain musical performances, and for other purposes.

S. 1689

At the request of Mr. GRAMM, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 1689, a bill to provide regulatory fairness for crude oil producers, and to prohibit fee increases under the Hazardous Materials Transportation Act without the approval of Congress.

S. 1713

At the request of Mr. FRIST, the names of the Senator from South Carolina [Mr. THURMOND], the Senator from Vermont [Mr. JEFFORDS], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 1713, a bill to establish a congressional commemorative medal for organ donors and their families.

S. 1735

At the request of Mr. PRESSLER, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 1735, a bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1741

At the request of Mr. ASHCROFT, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1741, a bill to amend the Internal Revenue Code of 1986 to allow a deduction for the old-age, survivors, and disability insurance taxes paid by employees and self-employed individuals, and for other purposes.

S. 1794

At the request of Mr. GREGG, the names of the Senator from Vermont [Mr. JEFFORDS], the Senator from North Carolina [Mr. HELMS], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 1794, a bill to amend chapter 83 of title 5, United States Code, to provide for the forfeiture of retirement benefits in the case of any Member of Congress, congressional employee, or Federal justice or judge who is convicted of an offense relating to official duties of that individual, and for the forfeiture of the retirement allowance of the President for such a conviction.

S. 1809

At the request of Mr. MURKOWSKI, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1809, a bill entitled the ''Aleutian World War II National Historic Areas Act of 1996.''

S. 1815

At the request of Mr. GRAMM, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 1815, a bill to provide for improved regulation of the securities markets, eliminate excess securities fees, reduce the costs of investing, and for other purposes.

S. 1845

At the request of Mr. GREGG, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1845, a bill to amend the Federal Election Campaign Act of 1971 to require written consent before using union dues and other mandatory employee fees for political activities.

S. 1853

At the request of Mr. FAIRCLOTH, the names of the Senator from Virginia [Mr. WARNER], the Senator from Missouri [Mr. ASHCROFT], and the Senator from New York [Mr. D'AMATO] were added as cosponsors of S. 1853, a bill to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property.

SENATE CONCURRENT RESOLUTION 42

At the request of Mrs. KASSEBAUM, the name of the Senator from West Virginia [Mr. BYRD] was added as a cosponsor of Senate Concurrent Resolution 42, a concurrent resolution concerning the emancipation of the Iranian Baha'i community.

SENATE RESOLUTION 247

At the request of Mr. SPECTER, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of Senate Resolution 247, a resolution expressing the sense of the Senate regarding a resolution of the dispute between Greece and Turkey over sovereignty to the islet in the Aegean Sea called Imia by Greece and Kardak by Turkey.

SENATE RESOLUTION 250

At the request of Mr. BROWN, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of Senate Resolution 250, a resolution expressing the sense of the Senate regarding tactile currency for the blind and visually impaired.

SENATE CONCURRENT RESOLUTION 64—RELATIVE TO FILIPINO WORLD WAR II VETERANS

Mr. INOUYE (for himself and Mr. AKAKA) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES. 64

Whereas the Commonwealth of the Philippines was strategically located and thus vital to the defense of the United States during World War II;

Whereas the military forces of the Commonwealth of the Philippines were called into the United States Armed Forces during World War II by Executive order and were put under the command of General Douglas MacArthur;

Whereas the participation of the military forces of the Commonwealth of the Philippines in the battles of Bataan and Corregidor and in other smaller skirmishes delayed and disrupted the initial Japanese effort to conquer the Western Pacific;

Whereas that delay and disruption allowed the United States the vital time to prepare the forces which were needed to drive the Japanese from the Western Pacific and to defeat Japan;

Whereas after the recovery of the Philippine Islands from Japan, the United States was able to use the strategically located Commonwealth of the Philippines as a base from which to launch the final efforts to defeat Japan;

Whereas every American deserves to know the important contribution that the military forces of the Commonwealth of the Philippines made to the outcome of World War II; and

Whereas the Filipino World War II veterans deserve recognition and honor for their important contribution to the outcome of World War II: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President should issue a proclamation which recognizes and honors the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II.

Mr. INOUYE. Mr. President, I rise to submit a concurrent resolution which recognizes the valiant military service of Filipino soldiers during World War II.

The Philippine Islands were the possessions of the United States from the end of the Spanish-American War in 1898 until shortly after the end of World War II in 1946. On December 8, 1941, the Japanese invaded the Philippine Islands. The invasion delayed the islands' independence from the United States for 2 years.

On July 26, 1941, 4 months before the invasion of the Philippines, President Roosevelt issued a military order calling members of the Philippine Commonwealth Army:

> into the service of the armed forces of the United States for the period of the existing emergency, and placed under the command of a general officer, United States Army * * * all of the organized military forces of the Government of the Philippines * * *

On December 18, 1941, General MacArthur issued General Order No. 46 which provided that:

> Pursuant to provisions of the Proclamation of the President of the United States,

dated July 26, 1941, all personnel of the Philippine Army on active duty and all active units of the Philippine Army, less personnel and units already accepted for service with the United States Armed Forces, are hereby called into the service of the armed forces of the United States in the Philippines * * *

Among the fierce battles fought was the battle at Bataan, which could not have been maintained without the valiant efforts of Filipino servicemen who constituted more than 75 percent of the troops and incurred a disproprionate number of deaths. During the Bataan Death March and subsequent internment, Japanese brutality toward Filipino solders far exceeded those of American prisoners. For example, approximately one-half of the 60,000 Filipino servicemen died at Bataan in contrast to one quarter of the 10,000 United States servicemen who lost their lives while imprisoned.

According to a June 1973 Philipine study entitled ''The Status of Members of Philippine Military Forces During World War II,'' Filipino guerilla resistance movements arose prior to the May 7, 1942, surrender to the Japanese. These movements comprised of personnel from the Philippine Army, the Old Philippine Scouts and other units of the United States Army. These guerilla forces engaged in overly aggressive moves against the Japanese that resulted in heavy losses and the capture of many of the movement's leaders. From his headquarters in Australia, General MacArthur, in March 1943, instructed the guerillas to limit combat contact to the minimum necessary for self-protection, and to concentrate instead of improving organizational and intelligence-gathering abilities. During May 1942 to May 1944, the Japanese could only maintain control over the major cities and towns because guerilla forces controlled the countryside. Without the combat and support contributions of the guerilla forces before and during General MacArthur's return to the Philippines in October 1944,

the task of reoccupying the Islands would have been vastly more costly to the United States in terms of time, money, manpower, and casualties.

On October 28, 1944, Philippine Commonwealth President Osmena issued Executive Order No. 21, which recognized the military service of guerilla forces as active service in the Philippine Army, the date of entry into such active service being the date of joining a recognized guerilla force. General MacArthur subsequently issued retroactive recognition orders dating back to the times when the various guerilla units began to fight, thereby bringing them within the terms of President Roosevelt's order calling Philippine forces into the service of the United States. Effective June 30, 1946, after cessation of hostilities in the Philippine Islands, the Philippine Army and its recognized guerilla units were released from service in the armed forces of the United States by military order of the President.

The Philippine Army and its recognized guerilla units, loyally and valiantly fought, suffered, and in many instances, died in the service of our country, in the same manner as other members of our armed forces during World War II. We must not ignore the recognition they duly deserve as United States veterans. Accordingly, I urge my colleagues to support this resolution which recognizes the valiant military service of the Filipino World War II soldiers.

Mr. AKAKA. Mr. President, I rise to join my colleague, the senior Senator from Hawaii, to recognize and honor World War II Filipino veterans. The concurrent resolution we submit today is the first step in acknowledging the contributions made by Filipino veterans to the United States during World War II.

Few Americans realize the pivotal role Filipinos played during World War II. From 1898 to 1946, the Philippines were a U.S. possession. Although the Philippine Independence Act of 1934 established a 10 year timetable for independence and bestowed the Commonwealth of the Philippines with certain powers over internal affairs, its full independence was delayed until 1946 because of the Japanese occupation from 1942 to 1945.

Between 1934 and 1946, the United States retained certain sovereign powers over the Philippines. President Roosevelt invoked an executive order on July 26, 1941, which ordered the Philippine Commonwealth Army into the service of the U.S. Army Forces of the Far East under the command of Lieutenant General Douglas MacArthur.

Thousands of Filipinos served with United States military personnel in the Pacific during World War II. Of the nearly 142,000 Filipino veterans who fought during World War II, only 70,000 survivors remain today. From the Japanese landing at Lingayen to the liberation of the Philippines in 1944, Filipino Army units gave their all to repel Japanese forces. Filipinos forces marched alongside Americans in the Death March after the surrender at Bataan and Corregidor. Thousands of Filipinos continued to resist Japanese occupation and continued to assist the United States through intelligence gathering throughout the war.

In return for their service, Filipino veterans were granted benefits amounting to only fifty cents on the dollar compared to other veterans. President Truman objected to the restrictions on benefits for the Commonwealth Army veterans. The Filipino veterans who were called into service by the United States served just as honorably and faithfully as American veterans and deserve to be treated with respect and dignity.

Recognition of the Filipino veterans who served during World War II is long overdue and I urge my colleagues to support this resolution.

SENATE CONCURRENT RESOLUTION 65—RELATIVE TO THE INTERNET

Mr. PRESSLER (for himself and Mr. LEAHY) submitted the following resolution; which was referred to the Committee on Commerce, Science, and Transportation:

S. CON. RES. 65

Whereas approximately 18,000,000 people use the Internet and nearly 100,000,000 expect to use it by 1998;

Whereas the Internet is changing the way the world communicates, conducts business, and educates;

Whereas the Internet can lead to a more open democratic process if fully utilized by elected representatives;

Whereas many Members of the House of Representatives and Senate do not use electronic mail or World Wide Web sites;

Whereas an increase in the usage and knowledge by Members of the Internet will lead to better policy decisions regarding the Internet and better communications with the Internet community: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) Congress should educate itself about the Internet and use the technology in personal, committee, and leadership offices;

(2) Congress should work in a bipartisan and bicameral fashion to facilitate the growth and advancement of the Internet;

(3) Congress should maximize the openness of and participation in government by the people via the Internet so that our constituents can have more information from and more access to their elected representatives;

(4) Congress should promote commerce and free flow of information on the Internet;

(5) Congress should advance the United States' world leadership in the digital world by avoiding the passage of laws that stifle innovation and increase regulation of the Internet; and

(6) Congress should work with the Internet community to receive its input on the issues affecting the Internet that come before Congress.

Mr. PRESSLER. Mr. President, today I am submitting a senate concurrent resolution along with an identical concurrent resolution to be submitted in the other body.

Yesterday, Wednesday, June 12, the committee I am proud to chair, the Senate Commerce Committee, held a subcommittee hearing on the vital importance of making strong encryption available so that future electronic services will come into being. Indeed, the very future of the Internet hangs in the balance with respect to the availability of strong encryption. But at that hearing, I noted that I'm an industrial age man trying to make sense of the current information age we now find ourselves in. I'm an industrial age legislator making decisions about information age issues.

This, of course, describes almost everyone else in the Senate and in the House, so at least I am not alone. But it is this dynamic, where industrial age legislators are making information age decisions, that has caused us to found the Congressional Internet Caucus.

We all know that the Internet will change beyond all imagining the way

we will all work and play. Already, tens of millions of Americans are using the Internet to communicate and to conduct important business. Cyberspace has even become important in politics, where it is now a vital tool in many areas.

Congress has to be computer and Internet literate if we are to be a Congress for the 21st century. This is why we have founded the Congressional Internet Caucus. It is our intention to try to help to provide for our other congressional colleagues navigation tools with which to find their way across the information landscape.

And that is why today we, the founding members of the Internet Caucus, are introducing this joint concurrent resolution on the Internet in both the House and the Senate today.

This House and Senate concurrent resolution urges our colleagues to get on-line and use the Net. It calls on Members of Congress to develop a better personnel understanding of the Net and how it operates. And, finally, it calls on Congress to start to use the Net in order to better communicate with the voters of this country.

The Internet and other information technology issues will only grow in importance as time goes by. Congress will be seeing more and more issues coming before it involving these new information technologies. We'd better be prepared.

This concurrent resolution is a good beginning step in that direction.

SENATE RESOLUTION 262—RELATIVE TO THE PEOPLE'S REPUBLIC OF CHINA

Mrs. BOXER (for herself and Mr. GREGG) submitted the following resolution; which was referred to the Committee on Finance:

S. RES. 262

Whereas violations by the People's Republic of China of United States intellectual property rights cost the United States economy an estimated $2,300,000,000 in 1995;

Whereas in 1991, 1992, and 1994, the office of the United States Trade Representatives initiated special section 301 investigations of the People's Republic of China's intellectual property rights violations, but did not impose sanctions;

Whereas in 1995 the People's Republic of China entered into an agreement with the United States that called for the closing of, or cessation of illegal activities in, factories that were pirating American videotapes, computer software, CD-ROMs, compact disks, and laser disks;

Whereas despite the terms of the 1995 Intellectual Property Rights Agreement, piracy of intellectual property rights has continued in the People's Republic of China;

Whereas while United States officials report that officials of the People's Republic of China have recently raided and closed a few factories engaged in piracy, in the past such actions have been cosmetic and only temporary; and

Whereas the United States Trade Representative has determined that the People's Republic of China tolerates the greatest volume of intellectual property rights piracy of all of the United States trading partners: Now, therefore, be it

Resolved, That it is the sense of the Senate that sanctions should be imposed upon the People's Republic of China for its failure to comply with the 1995 Intellectual Property Rights Agreement which it entered into with the United States and that such sanctions should remain in effect until the United States Trade Representatives certifies to the Congress that the People's Republic of China is complying with all of the terms of that Agreement by either—

(1) closing all factories that are engaged in piracy, or

(2) assuring such factories operate only pursuant to joint ventures or licensing agreements with United States companies.

Mrs. BOXER. Mr. President, I have been calling on the administration to impose sanctions on China if they do not live up to the intellectual property agreement that they willingly signed.

The fact of the matter is, they have approximately 31 factories that are turning out laser disks and CD's. They are supposed to destroy these factories. I spoke to the U.S. Trade Representative. They seem to be making some progress, but not enough.

And so, Mr. President, I will be pushing hard for these sanctions. As the MFN debate comes up, I will support MFN. I also am pleased to say Senator Judd GREGG is a coauthor of my sanctions resolution.

Mr. President, in January 1992 the United States and China signed a Memorandum of Understanding obligating China to strengthen its patent, copyright and trade secret laws and to improve the protection of United States intellectual property.

On April 30, 1994 the United States Trade Representative, or USTR, announced that while China had made significant progress toward implementing the 1992 agreement—by enacting new laws on intellectual property rights—China's enforcement of those laws was weak and sporadic.

In February 1995 the United States and China reached an agreement, signed in Beijing, in which China pledged to substantially reform its intellectual property rights and to improve market access. It is under this agreement, the 1995 Intellectual Property Rights Agreement, that the United States and China currently operate.

The USTR has determined that China's overall implementation of its obligations under the 1995 agreement fall far short of the requirements of the agreement.

The manufacture of pirated U.S. intellectual property, particularly computer software, compact discs, laser discs and videos, continues to be rampant. Moreover, China's efforts to stop the manufacture of pirated United States products has been utterly inadequate.

A delegation from the office of the United States Trade Representative traveled to China on Thursday June 6 and Friday, June 7, to reiterate to Chinese officials the United States' resolve in holding China to the commitments it made in the 1995 Intellectual Property Rights Agreement.

Ambassador Barshefsky is joining that delegation today and they will be meeting with Chinese officials in Beijing over the next several days.

The United States delegation, led by Ambassador Barshefsky, is seeking China's commitment to close compact disc plants producing pirated software, tighten customs controls on exports of pirated goods and to give greater access to the Chinese markets for United States music, film and computer software firms.

It is important to note that the USTR is not seeking new concessions on the part of the Chinese Government. Rather, Chinese officials made all of these commitments in the Intellectual Property Agreement signed last year.

It has been reported that Chinese officials have indicated progress could be made on most of the United States demands—closing compact disc factories producing pirated software and tightening controls on exports of pirated goods. However, Chinese officials have apparently said that United States demands of freer access to the Chinese publication, music and software markets may not be met.

Chinese officials have also balked at United States demands to open their markets and to allow United States companies to engage in joint ventures with Chinese companies to produce legitimate copies of music, films and books.

Yesterday China's propaganda department reported that it had ordered all CD plants opened in recent months, not approved by Beijing, closed. China reports that at least 12 plants have been closed.

Exactly how many plants have been closed, will be closed and most important will remain closed remains the subject of verification efforts by the USTR delegation and the subject of Ambassador Barshefsky's talks with Chinese officials.

Ambassador Barshefsky has said that ''it remains to be seen whether the Chinese effort in this and other areas is sufficient to meet the terms of our agreement. I also want to ensure that there is an enforcement system in place to crack down on intellectual property piracy in the future.''

Among the seven factories which were closed last spring when the agreement was initially signed, all but one has re-opened. There are currently about 31 factories, operating throughout China, churning out pirated United States computer software, compact discs, laser discs, videos, movies, and other products.

The USTR has recently estimated that United States companies lose more than $2 billion annually as a result of the pervasive piracy of United States products in China.

The United States software industry estimates that piracy of computer software is in excess of 95 percent in China. The piracy of United States CDs, laser discs, cassette tapes, videos, and movies is close to 100 percent in many parts of China.

The USTR reports that in the past 2 years, Chinese companies have begun

to export pirated products in fairly significant quantities. For example, 29 compact disc and laser disc factories in China have a production capacity of as much as 75 million CDs for a domestic market that can absorb only 5 million CDs.

Similarly, China's exportation of CD ROMs, which can hold dozens of computer software programs, and other copyrighted works, on a single disc continues to increase.

Some of the fastest growing and most competitive industries in the United States—and ones in which we frequently have a trade surplus—are located in my home State of California. These companies have been particularly devastated by China's failure to adequately enforce intellectual property rights. The California economy has also been affected.

California is the leading producer of movies, computer software, recordings, video games, and other creative works.

California's movie and television industries employed almost 165,000 Californians last year. The combined payroll of those industries was almost $7.5 billion.

California, while in the midst of an economic recovery, was gripped by a recession from 1990 through early 1995. Much of the success of this recovery is largely dependent upon the continued growth and expansion of California's entertainment and high technology industries. Industries which produce patented and copyrighted material to be sold domestically and internationally.

I would note that the entertainment and high technology industries have also helped spurn the Nation's economy. Moreover, these industries have provided more jobs and more high wage jobs in California than almost any other industries.

These companies cannot continue to flourish, however, if their intellectual property rights are not vigilantly enforced and protected throughout the world.

I understand that the United States-China relationship is a multifaceted and important relationship for reasons beyond economics. However, China's effective enforcement of intellectual property protections is critical to the future success of that relationship and is also a clear test of our resolve to enforce our trade agreements.

That is why I, along with my cosponsor Senator GREGG, am introducing this resolution, expressing the sense of the Senate that sanctions should be imposed on China until the USTR certifies that China is complying with the 1995 agreement—whether by closing all pirate factories, or by allowing such factories to operate pursuant to joint venture or licensing agreements with U.S. companies.

The USTR initiated special section 301 investigations of China's intellectual property rights violations in 1991, 1992, and 1994, but no sanctions were imposed.

The USTR has determined that China tolerates the greatest volume of intellectual property rights piracy of all of other United States trading partners.

Therefore, I think it is imperative that we pass this resolution. The passage of this resolution will send a clear message that the U.S. Senate is firmly committed to protecting U.S. intellectual property throughout the world.

The passage of this resolution will also let the Chinese government know that the United States Senate is firmly resolved to effectuating and enforcing our trade agreements.

SENATE RESOLUTION 263—RELATING TO CHURCH BURNING

By Ms. MOSELEY-BRAUN (for herself, Mr. LEVIN, Mr. DASCHLE, Mr. KEMPTHORNE, Mrs. BOXER, Mrs. FEINSTEIN, Mr. KERRY, Mr. WELLSTONE, Mr. LIEBERMAN, Mrs. MURRAY, Mr. PELL, Mr. LAUTENBERG, and Mr. INHOFE) submitted the following resolution; which was held at the desk:

S. RES. 263

Whereas there have been at least 32 fires of suspicious origin at churches serving African-American communities in the last 18 months;

Whereas these churches are a vital part of the life of these communities;

Whereas intentionally burning churches is a very heinous crime in these communities, and all across America, because church burning was used during the civil rights struggle in an attempt to intimidate African-Americans from exercising their Constitutional rights;

Whereas there have been at least 60 fires and incidents of desecration in houses of worship in 15 different States since 1990;

Whereas intentionally burning churches, when done to intimidate any American from the free exercise of his or her rights as an American, is inconsistent with the First Amendment to the United States Constitution, which guarantees every American the right to the free exercise of his or her religion;

Whereas intentionally burning churches, when done to intimidate any American from the free exercise of his or her rights as an American is also inconsistent with the First Amendment guarantee that ensures that Americans can freely and peaceably assemble together; and

Whereas intentionally burning churches, when done to intimidate any American from the free exercise of his or her rights is a serious national problem that must be expeditiously and vigorously addressed: Now, therefore, be it

Resolved, That—

(1) the Senate condemns arson against churches as being totally inconsistent with American values;

(2) the Senate believes that the investigation and prosecution of those who are responsible for fires at churches, and especially any incidents of arson whose purpose is to divide communities or to intimidate any Americans, should be a high national priority; and

(3) the Senate commends the President for devoting all Federal resources necessary to bring those responsible for committing any act of arson against churches to justice, and urges that all investigations of fires at churches which are of suspicious origin are conducted in a sensitive manner that reflects the special character of churches and the rule they play in American communities.

Ms. MOSELEY-BRAUN. Yesterday, Mr. President, I came to the floor and spoke about what I called the domestic terrorism that we are suffering in this country with the burning of churches and other hate crimes in our Nation. I spoke at some length about it and mentioned a time that I will submit a resolution pertaining to the church burnings. I am submitting that legislation now, Mr. President. I would like it held at the desk until the time of adoption.

Mr. President, I know there will be other legislative activity associated with this issue in the days to come. But as the Chair is no doubt aware, since yesterday, when I first took to the floor, there has been yet another church burning in this country.

As I said yesterday, the people who are perpetrators of this rash of hate crimes and church burnings are no more than cowardly domestic terrorists. These are people who work under cover of darkness and anonymity to intimidate some and encourage others, and it is out of cowardice.

However, in spite of the objective of these actions, which it has been suggested are intended to start a race war, there is every indication that these arsonists are confused about the country in which their crimes are taking place.

Most Americans—I reiterate, most Americans—are appalled and outraged. The fact of the matter is, there is in this darkness some light coming through. The light relates, Mr. President, to the efforts of Americans, from the President of the United States down to ordinary people, to stand up, to speak out, to be heard and to demonstrate that this kind of crime, this kind of heinous crime and this kind of domestic terrorism is not to be tolerated in this America.

I have been encouraged, Mr. President, by some of the reports from my home State. In Glenn Carbon, IL, there had been a cross burning. In one of the newspapers in Illinois, the headline there was ''Neighbors Comfort Black Family Who Found Cross in Yard.'' The story goes on to say that the people, white and black alike, who live in the community came to the aid of the individuals who suffered the cross burning to indicate their support, to indicate their reassurance that the racial hatred that was symbolized by the cross burning did not reflect the feelings of the neighborhood or of that community. I think that is a very positive and powerful thing.

Another article, Mr. President, from the Alton Telegraph, ''Neighbors show good will to victims of cross burning,'' makes the same point. This article goes on to say that neighbors delivered flowers and food, cards, plants and other gifts to the family on Monday, people reaching outside of themselves to stand up against hatred, to stand up against racism, to stand up against the evil that this church burning represents.

I think therein lies the key. We can take action here in this U.S. Congress, the Senate and the House, and the

President can take action. We can all come together as a collective community through our Government to take leadership in showing that in this America this kind of criminality will not be tolerated, but we can only do that, and it only takes real meaning when we are joined in our official capacity by individual, unofficial action, when the churches, themselves, come together to participate in ceremonies and services and marches and demonstrations in favor of unity and in favor of love.

When we really focus in on the fact that this rash of hate crimes is just that, a rash of evil afoot in the land, and that good people of all races will make it a point to be heard, not to sit back in silence and to allow this evil to take seed among us, but, rather, that we will all stand up as individual citizens to say, ''This America, in this time, is putting the ugly legacy of racism and racial hatred behind. We will not go back to the days when these kinds of things can happen with impunity.''

We will engage every asset, every resource at our disposal to see to it that these criminals are brought to justice, that the truth is uncovered, that no stone will be left unturned in our efforts to prosecute the perpetrators of these crimes, because they are criminals. We will make it very clear as a national community, all of us, that we will not tolerate this kind of conduct, and that the people who have tried to foist this horror on our community, on our country, will be prosecuted to the fullest extent of the law.

Mr. President, I also say after the speech that I gave yesterday, which is already in the RECORD, I was just really taken personally by the expressions of support, expressions of concurrence and the expressions from my colleagues on both sides of the aisle, people coming up to say, ''We think it is just terrible what is going on. We want to do something about it. We want to be heard. We want to make certain that everybody understands that this kind of activity has no place in America.'' I am encouraged and heartened by that, because I think, if anything, that change of heart, that change of collective consciousness, that change in the climate of opinion is precisely the victory that reflects the moral victory that the civil rights movement achieved.

We have a mindset in this country that does not tolerate this kind of horror, that not only does not tolerate it, but is ashamed by it. Out of our repudiation, out of our rejection of these expressions of evil, I believe we will find a new birth as an American community. We will find a new level, frankly, of coming together and of working together, and of unity in this country, and will, I think, set the stage so the young people that are here today will begin to ask the question, in their time: ''I remember the days when race was a debate in the United States, but we got past that. We got smarter, we matured, we moved beyond that.'' That is my hope for these young people.

If anything, I think with the expressions of support, the expressions of love, the expressions of unity, the good will that is being shown all over this country in reaction and in response to the hatred we have seen, the cross burnings and the church burnings, the moral victory will be ours as a Nation, and we will move forward as a Nation together, a stronger country because of it.

Mr. President, I understand the resolution will be adopted or can be adopted later this evening. I wanted to bring to my colleagues' attention the fact that this resolution is pending. I understand there will be other legislative initiatives in this regard. I am delighted to join with those, as well, because I think it is very important as a body we speak with one voice, that these people who are doing this are not Americans. Their activities fly in the face of the America that we believe in, fly in the face of the values that this America represents to the world, and that we will not allow their evil to shame all of us, and we will not allow them to get away with it. From that, Mr. President, I believe we will be a greater Nation, and we will have found, out of this horror, some light, and from that light we will be able to build a stronger Nation.

I commend my colleagues who have already joined me. Again, thanks to everyone who has stepped up and said something. One other word: There is a tradition that the only thing that allows evil to prevail is for good people to say nothing. Now is the time for good people to be heard. Now is the time for good people to stand up and say, ''The America that we know and the America we believe in is an America that cherishes the value of brotherhood and love and unity.''

Mrs. MURRAY. Mr. President, let me associate my remarks with my colleague from Illinois, Senator CAROL MOSELEY-BRAUN. I am delighted that I had the opportunity to be on the floor to hear the very, very important words that the Senator from Illinois has shared with all of us today about this extremely important issue.

I am delighted that the citizens of Illinois had the intelligence to send her here so that she could be a leader and a voice that all of us could follow. I am delighted to support the Senator with the resolution, and I am delighted to stand shoulder to shoulder as we pursue this very, very important issue in this country and put to rest the racism that we see.

Mr. LIEBERMAN. Mr. President, I want to speak following the very eloquent words of our friend and colleague from Illinois, Senator MOSELEY-BRAUN, about the wave of church burnings in the South. There is a way in which it would be assumed that all of us here in this Chamber, reflecting, representing, as we do the American people throughout the 50 States, would naturally be outraged by these church burnings. But this is one of those cases where it is important not to leave the assumption not testified to, not to leave the feelings unexpressed, not to leave the Chamber as a body silent. Therefore, I commend the Senator from Illinois for introducing the resolution which she will.

I have asked her and she has agreed to add me as a cosponsor. At this point, Mr. President, I ask unanimous consent to be added as a cosponsor.

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

Mr. LIEBERMAN. I thank the Chair.

Mr. President, last night, as we know, a fire broke out in the First Missionary Baptist Church in Enid, OK, which brings now to more than 30 the number of African-American churches that have been burned by arsonists over the past 18 months, and, of course, the pace seems to be quickening in the last couple of weeks.

This outrage recalls memories of similar attacks on religious people and religious institutions throughout the centuries. Sadly, they continue in the other places in our world today. Christians, Jews, Moslems, and others have all suffered for their faith in many horrible ways. The details of the acts of persecution vary widely, but the seeds of hatred that underlie the terror are sadly and tragically quite the same.

The sheer blasphemy—I use the word intentionally—the blasphemy of these church burnings must chill our souls. We do not know if the acts of arson are the result of some horrible conspiracy. But in some measure, it would be a little bit easier to grasp the enormity of this evil if it were the result of the work of a single group of criminals because we can crush such a small band of terrorists, which is what they are. But, if these arsonists are not connected in some organized way, we have to ask ourselves again, as we have before in our history, ''How do we fight back against the larger stain of racism that exists in so many individual hearts consumed by the shared desire to destroy the spirit of those they hate?'' The answer, I want to suggest to my colleagues today, to this conspiracy of crime and hate is to enter into our own conspiracy of law and love.

By law I mean we must—and I am confident we are using—use every legal weapon in our arsenal, in society's arsenal, to investigate every fire and follow every lead until the perpetrators of these injustices are brought to justice. We must consider these to be acts of terrorism and use the most sophisticated techniques at our disposal to hunt down those who have perpetrated them.

By love what do I mean? I mean reaching into ourselves and as a country enveloping the victims of the church burnings with our own prayers and support and acts of kindness to make up, as best we can, not just for

their tragic loss of their houses of worship but to respond to the sense of fear and alienation that go with those burnings.

Mr. President, the ties that bind us as Americans—particularly our shared faith in God—are greater than this evil. By coming together now, we can guarantee that these acts of evil will gain no ground.

In a sense, all of us who worship God and try to love our neighbors as God's children are the targets of these hate crimes, these arsonists. Yes; we may have different backgrounds and come from different denominations, but we are bound by a common faith—the same faith that helped inspire the founding of this Nation, as is clear from the first words of the Declaration of Independence; that the rights with which we are endowed do not come from some committee of lawyers or constitutional theorists; that we are endowed by these rights by our Creator. That is the source of our liberty, the driving idea of our democracy. Religion has always been a source of strength and purpose and, indeed, of unity in America. Religious people have carried some of the most noble acts of citizenship and leadership across the history of our country.

So when these arsonists strike at houses of worship in America, they strike at the heart of America, the source of America's strength. Those who are full of such hate must fear that which poses the greatest threat to them. The spirit of faith that inhabits those who worship in the churches that have been burned must strike great fear in the hearts of those who have burned them. But the spirit of faith that has been expressed in those churches is not only strong; it is, as the arsonists will learn, a spirit that is unbreakable.

So, though the church is burned, the light of faith that has burned within that church will grow stronger and spread in the minds and souls of those who have worshiped there and, I believe, in the minds and souls of the great majority of the American people.

So I look forward to the resolution coming forth and to whatever other ways in which this Senate can express its outrage at the acts of arson and its sense of fellowship and brotherhood in the most profound sense for those who have worshipped at these churches.

SENATE RESOLUTION 264—RELATIVE TO NATIONAL SPEAK NO EVIL DAY

Mr. MACK (for himself, Mr. LIEBERMAN, Mr. CRAIG, and Mr. JEFFORDS) submitted the following resolution; which was considered and referred to the Committee on the Judiciary:

S. RES. 264

Whereas words used unfairly, whether expressed through excessive anger, unfair criticism, public and private humiliation, bigoted comments, cruel jokes, or rumors and malicious gossip, traumatize and destroy many lives;

Whereas an unwillingness or inability of many parents to control what the parents say when angry causes the infliction of often irrevocably damaging verbal abuse on the children;

Whereas bigoted words are often used to dehumanize entire religious, racial, and ethnic groups, and inflame hostility in a manner that may lead to physical attacks;

Whereas the spreading of negative, often unfair, untrue, or exaggerated, comments or rumors about others often inflicts irrevocable damage on the victim of the gossip, the damage epitomized in the expression ''character assassination''; and

Whereas the inability of a person to refrain for 24 hours from speaking unkind and cruel words demonstrates a lack of control as striking as the inability of an alcoholic to refrain for 24 hours from drinking liquor: Now, therefore, be it

Resolved, That the Senate designated May 14, 1997, and May 14, 1998, as ''National Speak No Evil Day''. The Senate requests that the President issue a proclamation calling on the people of the United States to observe the days with appropriate ceremonies, activities, and educational endeavors.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES, SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources.

The hearing will take place on Thursday, June 20, 1996, at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to revise S. 1424, a bill to redesignate the Black Canyon of the Gunnison National Monument as a national park, to establish the Gunnison Gorge National Recreation Area, to establish the Curecanti National Recreation Area, to establish the Black Canyon of the Gunnison National Park complex.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on Parks, Historic Preservation, and Recreation, Committee on Energy and Natural Resources, U.S. Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole of the subcommittee staff.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CRAIG. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Forests and Public Land Management.

The hearing will take place Thursday, July 11, 1996, at 2 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to receive testimony on S. 1738, a bill to provide for improved access to and use of the Boundary Waters Canoe Area Wilderness, and for other purposes.

Those who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please call Judy Brown or Mark Rey.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be allowed to meet during the Thursday, June 13, 1996, session of the Senate for the purpose of conducting an executive session and markup.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, June 13, 1996, for purposes of conducting a full committee hearing which is scheduled to begin at 9:30 a.m. The purpose of this hearing is to consider S. 1844, a bill to amend the Land and Water Conservation Fund Act to direct a study of the opportunities for enhanced water based recreation and for other purposes.

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

COMMITTEE ON FINANCE

Mr. LOTT. Mr. President, the Finance Committee requests unanimous consent to conduct a hearing on Thursday, June 13, 1996, beginning at 10 a.m. in room SD–215.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, June 13, 1996, at 10 a.m. to hold a briefing.

COMMITTEE ON THE JUDICIARY

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, June 13, 1996, at 10:30 a.m. to hold an executive business meeting.

COMMITTEE ON THE JUDICIARY

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on the Judiciary Subcommittee on Constitution, Federalism, and Property Rights be authorized to meet during the session of the Senate on Thursday, June 13, 1996, at 2 p.m. to hold an executive business meeting.

SUBCOMMITTEE ON AGING

Mr. LOTT. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources Subcommittee on Aging be authorized to

meet for a hearing during the session of the Senate on Thursday, June 13, 1996, at 9 a.m.

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

ADDITIONAL STATEMENTS

TRIBUTE TO THE TOWN OF HUDSON, NH ON ITS 250th ANNIVERSARY

• Mr. SMITH. Mr. President, I rise today to pay tribute to the people of Hudson, NH, on their town's 250th anniversary. The town's residents will begin celebrating this historic occasion on June 21 with a number of festivities including a grand ball, parade, and block party events. I was proud to participate in this meaningful celebration.

Hudson's history first dates back to the year 1672 when families first settled in the Hudson area. On July 5, 1746, then Governor and Command in Chief Benning Wentworth signed the town's first charter. As Hudson and the surrounding areas began to grow, the first bridge was built across the Merrimack River there in 1827.

Many descendants of the town's first settlers still live in Hudson. Near the end of the 18th century, Simon Robinson settled on the north side of the pond later named the Robinson Pond. Originally, the pond was called Little Massabesic meaning the place of much water. Some of Simon Robinson's descendants still reside there. In addition, James Hills was one of the three brothers credited with being the first settlers in the town and his great-grandson settled on Alvirne, the old 181 acre Derry Road homestead, and had several children.

Hudson opened their first library in 1797. The Nottingham West Social Library was founded during that year, and served the town residents for 50 years. In 1856, the Hudson Center Library opened its doors. Then, in 1891, Adoniram Greeley gave his private collection of 1,878 books to the town. The library was renamed the Greeley Public Library and in 1908, Alfred Hills donated money for the construction of a new library, the Hills Memorial Library.

Today, the 20,000 people of Hudson still exhibit the Yankee traditions and commonsense values of their forefathers. The first school houses were built in Hudson in 1806. Since then, the school system has grown steadily to include three elementary schools, one middle school, and one high school. Alvirne High School has 1,032 students in grades 9 through 12, including 349 students from Litchfield. The police department has 50 officers and staff, the fire department has 28 full-time firemen and 26 volunteer firemen. The town also has a board of selectmen form of government.

I congratulate the town of Hudson, and all of the dedicated and patriotic citizens there. I am proud to be their Senator.•

PLAYING IT CLOSE TO THE VEST

• Mr. SIMON. Mr President, Richard Cohen, the thoughtful columnist at the Washington Post, recently had an op-ed piece on gambling in the United States titled, ''Playing It Close to the Vest.'' It is a hard hitting, but factual presentation of the situation that we face today.

One of the things that I noted, was the reference to the lottery in Maryland. He writes:

> Gambling has yet another dirty secret. It makes a lot of money from those who can least afford to lose it. For instance, residents of Baltimore, Maryland's poorest jurisdiction, wager $316 per capita on the State lottery; for Montgomery County, the State's richest jurisdiction, the figure is $115. Lest you think that phenomenon applies only in Maryland, look anywhere lottery tickets are sold.

The problem with the lottery is only a small tip of a much bigger iceberg.

I ask that the op-ed piece written by Richard Cohen be printed in the RECORD.

The op-ed follows:

[From the Washington Post, May 28, 1996]

PLAYING IT CLOSE TO THE VEST

(By Richard Cohen)

I am thinking now of one of the ''Godfather'' movies in which the young Michael Corleone, having transplanted his family and operations to Nevada, bluntly tells a U.S. senator what to do and how to do it. That sort of thing, of course, could never happen today. Instead, the gambling industry merely makes political contributions and hosts fund-raisers. For most politicians, that's the offer they can't refuse.

By way of illustration let us look at the progress of a proposal to establish a national commission to study gambling. This is not the worst idea to come out of Washington, because not much is known about gambling's real impact. Twenty years ago, only two states had some form of gambling; now only two states do not. So it seemed to Rep. Frank Wolf (R–Va.) and Sen. Paul Simon (D–Ill.) that a study was in order.

That, though, was easier proposed than done. The resolution passed the House, but the Senate has been a different story. There, opposition of the gambling industry has slowed things down, and the post-Dole leadership reportedly is hostile to the study. The American Gaming Association (''Gaming?'') has bought itself a trifecta of top lobbyists and has thrown oodles of money into, particularly, the Republican Party.

Steve Wynn, owner of Las Vegas' Mirage casino company, now has the sort of entry into GOP circles that was once reserved for captains of industry. Little wonder. Last June, he hosted a fund-raiser for Bob Dole. The take: $478,000. In June 1994, he raised $540,000 for the GOP. Just possibly for this reason, Newt Gingrich recently proposed that the gambling commission not even have subpoena power. Just by coincidence, he made this proposal in Las Vegas. Family values at work again.

The ''gaming'' industry insists that there is really nothing to study. Gambling—er, gaming—is heavily regulated and state controlled and so clean that you can see mommies with their kiddies at the slots in Vegas. But that, of course, is the problem. It would be interesting to know just how many mommies are gambling away their kids' milk money as they feed the slots or, worse, video poker machines. The poker machines, in particular, are known for their addictive charm.

Gambling is a huge business. It takes in more money than the movies, baseball, football, theme parks or just about anything else you can name. About 70 million people attend professional baseball games annually, but 125 million go to casinos, where there is never a rainout, but then the sun never shines, either.

Americans wagered nearly $500 billion in 1994 and lost about $40 billion of that total. Most of the losers could afford what they left on the table, but some, clearly, could not. These compulsive gamblers—maybe no more than 4 percent to 6 percent of all players—may well account for at least 25 percent of the gambling industry's profits. They are to gambling what pint buyers are to the liquor industry: a gold mine and a dirty shame.

Gambling has yet another dirty secret. It makes a lot of money from those who can least afford to lose it. For instance, residents of Baltimore, Maryland's poorest jurisdiction, wager $316 per capita on the state lottery; for Montgomery County, the state's richest jurisdiction, the figure is $115. Lest you think that phenomenon applies only in Maryland, look anywhere lottery tickets are sold.

Here and there in this country, in weird pockets of liberalism and in homes for the aged, some people can be found who still care about the poor. As for the rest, we mostly don't care if they spend more than they can afford or if the government, through the false hope of a lottery, imposes what amounts to a ''dream tax'' on those who can least afford it. No more government as nanny. If people want to gamble, let them gamble.

But let us not fool ourselves. Some of them will gamble the rent money, and some will become addicted to games like Keno and after a while, maybe the money that states collect from gambling in going out in social services. It's one thing for the mob to bleed the poor; it's quite another thing for the state to do the same thing.

Whatever the case, little is known about gambling's impact, and, it seems, the gambling industry likes it that way. It pretends that what was once an industry dominated by the mob is now the equivalent of a state fair. Not quite. Politicians still are on the take, and the poor are still being victimized. Little wonder the gaming industry is so reluctant to have the feds take a look. It sells fantasy, but often delivers misery.•

VIRGINIA GIRLS STATE

• Mr. WARNER. Mr. President, I am pleased today to applaud the 50th anniversary of the Virginia Girls State. Sponsored by the American Legion Auxiliary, the Virginia Girls State provides high school girls with leadership and citizenship training during a week-long program held on college campuses across the country. This program features learning by doing activities which teach young women the duties, privileges, and rights of American citizenship—the backbone of democracy.

This magnificent program reinforces to our young citizens the notion that they are an essential part of their government and responsible for its character and success. Through the program, the young women are taught the value of individual responsibility to the community, State, and Nation.

The United States of America was founded on, and will flourish because of, the principles of democracy. I

strongly believe in the lessons of democracy handed down from our forefathers. The more our young people know about the Constitution and the Bill of Rights, the stronger our great Nation becomes. Remember that knowledge is power. Through learning, the young women of Virginia Girls State add to the vitality and strength of America.

Mr. President, as you know, there is no stronger foundation for democracy anywhere in the world than the U.S. Constitution. I commend the participants, supporters and founders of Virginia Girls State for their dedication to American citizenship and democracy.

Again, I extend a happy 50th anniversary to the Virginia Girls State.●

AUNG SAN SUU KYI

● Mr. SIMON. Mr. President, one of the most impressive political leaders in our world today is the courageous Aung San Suu Kyi of Burma, who has quietly, consistently but firmly, stood for democracy for Burma, now called Myanmar by its present leaders, but still called Burma by Aung San Suu Kyi.

The military government there which still does not permit free assembly or a multiparty system, or other things that democracies take for granted, to its credit, has released Aung San Suu Kyi from house arrest.

Recently, the Los Angeles Times published an interview with her by Scott Kraft, which said something about her courage and her country.

I particularly like his question ''How does it feel to be a free citizen?'' She replied:

> I'm a free citizen but the country is not free. So I feel like a free citizen in an unfree country. I appreciate the opportunity to be in touch with the people. That is what our work is all about.
>
> You know, I always felt free. I felt free when I was under house arrest because it was my choice. I chose to do what I'm doing and because of that, I found peace within myself. And I suppose that is what freedom is all about.

I ask that the Los Angeles Times article be printed in the RECORD.

The article follows:

AUNG SAN SUU KYI—STRIVING TO BUILD A DEMOCRACY AMID THE HARSH REGIME OF MYANMAR

(By Scott Kraft)

Aung San Suu Kyi had a rigid routine during the six years she spent under arrest in her family's lakeside home. She would rise at 4:30 a.m. for exercise and meditation, then spend the day reading biographies or autobiographies and listening to the radio. The only human being she would see was the maid.

Though free for eight months now, she still spends most of her days in that two-story house. But the 1991 Nobel Peace Prize winner is hardly isolated. Two appointments secretaries, one for foreign dignitaries and the other for fellow party members, have guided thousands of visitors to meet her.

''I'm afraid I can no longer keep to a strict timetable,'' Suu Kyi says. ''I can't get up at 4:30 anymore because there are times I don't get to bed until 2 a.m. If I got up early, I wouldn't be able to operate full-steam for 12 hours.''

Many here hoped her release was a first step toward democracy in Myanmar. But the military regime, which nullified her party's victory in the 1990 elections, still runs the country. It is stage-managing a constitutional convention while trying to attract foreign investment.

Suu Kyi is biding her time and rebuilding her party network. Her weekdays are filled with appointments and on weekends, hundreds of supporters gather outside the gated compound to hear her speak and answer their questions. Soon, she says, the government will come to its senses.

Even as the government tries to ignore her, Suu Kyi, 50, remains the most-respected political figure in Myanmar. Her father, Aung San, is considered, even by her detractors, as the greatest hero of Burmese independence. He was assassinated in 1947, when she was 2.

Suu Kyi left Burma in 1960, at age 15, and later received a degree from Oxford University. She married a Briton, Michael Aris, who is now a professor and specialist in Tibetan studies at Oxford. In 1988, she returned to Burma to tend to her ailing mother and became a leader of the pro-democracy movement.

Aris and the couple's two sons, Kim, 18, and Alexander, 22, who are in school abroad, usually visit Suu Kyi at holidays, as they did during her years of house arrest, if the government grants them visas. Suu Kyi is prevented from leaving Myanmar only by the certainty that she would never be allowed to return.

In person, Suu Kyi is low-key and polite, though her determination is evident. She always refers to the country as Burma and the capital as Rangoon, purposefully ignoring the government decree that this nation be called Myanmar and the city, Yangon.

She meets visitors at home in a square room surrounded by 1940s-era photographs of her family and a wall-sized painting of her father. ''The painting is a bit Andy Warhol, don't you think?'' she says, ''But it's really a very good likeness.''

Q. How would you assess the eight months since you've been released? What are the positive developments and the disappointments?

A. Well, in politics, I don't think you ever get disappointed as such. It's an occupational hazard that things don't always turn out as you would wish them to. You hope for the best and prepare for the worst. That's politics.

The most positive aspect of things since my release is the fact that our party has become far more active. We've been reorganizing and reconsolidating. We've been subjected to a lot of restrictions. There continue to be intimidations and harassment.

But we still have the strong support of the people and we manage to get along with our party building.

Q. Many in the West thought that when you were released, everything would begin to improve.

A. I don't think it's as simple as that. There are some people who say I was released because the government thought the National League for Democracy was dead. But in fact, it is far from dead. There have been miscalculations like that in the past by this government.

In the 1990 elections, the government thought we might win a plurality but not an absolute majority. In fact, we got 82%, with the result that those elections have been totally ignored and our members persecuted.

Q. So you aren't disappointed in the slow pace of change?

A. I wouldn't say ''disappointed'' is the word. There is so much happening within our party that it does compensate for what is not happening on the other side.

Of course, we know that the best thing for the country is national reconciliation, which can only take place through dialogue. And we hope that it will take place sooner rather than later. But that doesn't mean we just sit and hope. We have other work to do and we carry on.

Q. So you aren't impatient with the pace of things?

A. If you are very busy, you have no time to be impatient. If you ask us when do we want democracy, well, we want it now, of course, I feel just as strongly about that as anybody else. But because we are so occupied with our numerous jobs, we are not that impatient.

Q. Do you think the current constitutional conference, in which your party is not participating, is a step in the right direction?

A: No. That constitution is not headed for democracy. In the first place, they are not allowing political parties to operate effectively, and without political parties operating effectively there can be no multiparty democracy.

The constitution they are writing really doesn't mean anything. A constitution is just a piece of paper unless it has the support of the people, and many a country has gone through many a constitution that is unacceptable to the people. Such constitutions do not last.

Q: So what can you do to get this government to change direction?

A: It is the will of the people that the country should become a democracy, and I'm sure the people will join me in guiding the country to its democracy. We will do what we can as a legally registered party. We will use political means of reaching our goal. This is our constant.

Q: So you are talking about passive resistance.

A: We don't really believe that the way to bring about democracy is by encouraging popular uprisings. We believe that democracy will come through the strength of the political will of the people, expressed through political parties.

Q: How does it feel to be a free citizen?

A: I'm a free citizen but the country is not free. So I feel like a free citizen in an unfree country. I appreciate the opportunity to be in touch with the people. That is what our work is all about.

You know, I always felt free. I felt free when I was under house arrest because it was my choice. I chose to do what I'm doing and because of that, I found peace within myself. And I suppose that is what freedom is all about.

Q: Do you think that it is possible the government thought it could make you a nonperson by releasing you?

A: Sounds likely, doesn't it? Yes, it seems likely.

Q: The government often points out that you are married to a foreigner. How important is that criticism to the average Burmese?

A: I don't think it means very much. If I were married to a Burmese, they'd probably attack my husband's family for other reasons than that he was foreign. Don't forget that they are also attacking—very, very viciously—other party leaders who are not married to foreigners.

Q: Is your husband able to visit you?

A: He came for Christmas, but last year he was refused a visa for the Easter holidays. So he comes if he gets a visa.

Q: You have frequently called for dialogue with the government.

A: Yes, we believe in dialogue and we will always believe in dialogue because that's the way all political problems end up.

Q: Has the government made any overtures to you?

A: Our party has a policy that we will make no statements about dialogue until we decide we are ready to bring out an official version.

Q: So you're saying . . . ?

A: What I'm saying is that I'm not answering your question (laughs).

Q: If there is an election based on the government's new constitution, would your party participate?

A: We don't even know whether there is going to be a constitution or what sort of constitution. In any case, I don't think we should be talking about the next elections when the issue of the last elections has not yet been resolved.

Q: Currently, the government is promoting foreign investment, and many companies, including Unocal in Los Angeles, have investments here. What's your message to those companies?

A: We have always said—very, very clearly—that Burma is not right for investment. The climate is not right because the structural changes necessary to make an investment really profitable are not yet in place.

We have now acquired in Burma a small group of very, very rich people. We did not have such people eight years ago—people who could go to a hotel and spend $1,000 on a meal. That was unheard of. And the gap between the haves and the have-nots is increasing. That does not make for social stability.

Q: Do you think the government's hold on power will be strengthened as it opens up the economy?

A: Well, it's not a free market. Some are freer than others in their access to the market. The mechanism necessary for a really healthy open economy does not yet exist. And one of the most important parts of that is the rule of law. You have to know where you stand. . . . Without that, there can be neither credibility nor confidence. And every businessman must agree that good business cannot be done without credibility and confidence.

Q: What do you do to discourage investment?

A: It's not just what I say and it's not just the support there is abroad for the movement for democracy. Potential investors who really study the situation in depth, who don't just take a superficial view, will come to their own conclusion that the time is not yet right.

They may want to put a little bit here so they can have a toe hold, waiting for the day when Burma takes off. Of course, that day will be when democracy comes.

Q: In your heart, when do you think that will come? Are we talking five years?

A: I can't really say. But certainly I don't think it will be that long.

On the other hand, I know there will be a lot of problems to deal with once we have democracy. In fact, I think we'll probably have more problems after we have democracy than before. This is always the case when a system changes from an authoritarian system to an open and transparent one.

Q: You tell the crowds that democracy is no panacea.

A: Yes, I tell them that under a democracy, we will have to be prepared to take responsibility for our country's problems. Once they have democracy, they can no longer blame the government because they are really the government.

Q: But won't there need to be pressure to bring about change here?

A. There is international pressure. But of course what is more important is that there is pressure from within.

The Burmese people are tired of authoritarianism, and they have seen for themselves that the authoritarian system has not done the country any good at all. Our standards of education are falling. Standards of health are falling. The face that we have new hotels does not make up for the fact that our children are less well-educated.

Q: Were you surprised, after your release, that there was still strong support for you? Did you worry that you might have been forgotten?

A: No, no. I was not that surprised. It's nothing to do with me. It has more to do with the desire of the people for a system that gives them both liberty and security. This is what people want, isn't it? People want to be free and at the same time they want to be secure.

Q: And you personally?

A: It's not me they are supporting in particular. The government seems to think it's me personally that the people are supporting. This government always gets things wrong.

We won the election in 1990 because the people wanted democracy. It was not because of me.

Q: Do you worry about your safety?

A: No, I don't worry very much at all. It's not because I'm all that courageous or anything. It's just that there is no point in it. If they want to do anything to me they can do it any time they like.●

COLLEGE NATIONAL FINALS RODEO

● Mr. BURNS. Mr. President, I stand today to wish all those young cowboys and cowgirls that are participating in the College National Finals Rodeo good luck. These fine young men and women are at the heart of the sport of rodeo and deserve to be commended for their hard work and determination.

The CNFR is especially important to all these young riders because of the great opportunity for college scholarships and prizes. For many, this competition will determine which school they will be able to afford, if any. These generous scholarships are provided by the U.S. Tobacco Association and they should be given applause for their work to strengthen the sport and help these young riders obtain a college education.

The city of Bozman has also contributed a great deal to the CNFR. Celebrating the 25th anniversary of hosting the rodeo, the Brick Breeden Field House has provided the perfect location for the finals and hopefully will continue to do so well into the future.

You have good reason to be proud of your sport and what you do. As the only original America sport, you are carrying on a tradition that was started over 100 years ago. When the cowboys of the Old West were driving their herds across the plains, little did they know that their friendly competitions would become a multimillion dollar sport. Your dedication to the rodeo honors them and their hard work and commitment to the land.

My hats off to you and the best of luck.●

AND IN THE LONG RUN—WE SHOULD WIN

●Mr. SIMON. Mr. President, recently the New York Times carried an item in its business section, written by Richard H. Koppes, deputy executive officer and general counsel of the California Public Employees Retirement System, the Nation's largest public employee pension fund with almost $100 billion in assets.

What he writes makes a huge amount of good sense.

He calls on corporate America to look long term rather than short term. Both in politics and in business we have the tendency to look short term.

I ask that the New York Times article be printed in the RECORD.

The article follows:

[From the New York Times, May 19, 1996]

AND IN THE LONG RUN WE SHOULD WIN

(By Richard H. Koppes)

Last Thursday, President Clinton put the spotlight on excessive corporate profits and exorbitant layoffs by holding a party at the White House to congratulate those companies that ''do well'' by their employees and their shareholders.

The Administration, however, may want to take to the woodshed the real culprits of corporate greed: the boards of directors that have allowed ''the hollowing out'' of America's corporations to obtain short-term increase in stock prices.

That statement may be surprising, coming from the Nation's largest public pension fund and one of this country's strongest advocates for good performance. But contrary to assumptions being made in some board rooms of the United States, Calpers, the California Public Employees Retirement System, is not pushing to bump up short-term stock prices. We are a company's long-term patient capital and are troubled when companies sell out to short-term Wall Street traders.

So let me set the record straight: Calpers opposes layoffs to lift stock prices in the near term. This is wrong and will not work to create wealth over the long run. One public pension fund official put it best recently when he said, ''You can shrink your way to profitability in the short term, but it isn't the road to greatness in the long run.''

Calpers doesn't condone what's going on. We won't participate in that kind of greed. And we intend to be a constructive voice to change it, by demanding high-quality, independent directors.

How did America's corporations get to this point? To understand, we need only examine the evolution of the balance of corporate power over the last decade.

When investors began to zero in on corporate governance issues in the early 1980's management held most of the power that might rightfully have belonged to the company's directors and its share owners.

As corporate governance activism grew, share owners, from the short-term Wall Street traders to the long-term investors like Calpers, became increasingly influential, and managers began to heed their share owners' bidding. Some managements over-responded to the point that they were willing to slash human assets to improve stock prices.

Either way, the balance of power is out of whack, this time have swung too far toward share owners. Institutional investors recognize it is not their role to govern the company. That is the responsibility of the board. Only the directors can insure that neither management nor share owners hold an unequal share of the power.

How do they do that? They can learn a lot from the Chrysler Corporation and what transpired when Kirk Kerkorian vigorously sought to distribute more of Chrysler's $7.5 billion in cash to shareholders last year.

Chrysler is led by a strong, independent board that is strategically focused and knows the business. It could resist Mr. Kerkorian's proposal because it engaged its directors, managers and investors in debating what was best for the company. ''None of our institutional owners asked us to change directions,'' Chrysler's chairman, Robert J. Eaton, said in recent speech to the Economic Club of Detroit. ''Not one of them told us to compromise the future for the sake of today.'' In the last five years, Chrysler has added more than 15,000 hourly workers while creating impressive shareowner value. At its own pace, it has moved to give share owners more money, including another dividend increase last week.

The approach taken by Chrysler's board thus serves as a model for how to remedy the needles ''hollowing out'' of the corporation. Strong, independent boards must be formed with directors who will individually and collectively ask questions about proposed layoffs to satisfy themselves that the layoffs are motivated by a strategic plan for long-term growth, not a desire to increase the stock price.

What critics of public pension fund investors do not realize is that we don't care about next quarter's stock price or even this year's stock price. At the company's patient capital, we hold our positions for a decade or longer.

Therein lies Calper's next stage of corporate governance activism. We will be looking for measures of performance that are based not simply on quarterly earnings and the most recent rise in the stock price.

We will be examining how a corporation is positioned for the long term. Part of that screen will be an evaluation, for example, of whether executive compensation is rewarding short-termism and whether the company has placed true value on its workers.

Calpers will continue its focus on board structural issues with an expansion into board performance, evaluating directors individually and collectively. Among the key questions it will ask is whether the position of board chairman or chairwoman is separate from that of the chief executive. If the positions are combined, is there an independent director as lead outside director to act as a counterbalance to the power of the chief executive? We will also want to know if directors own enough stock to make themselves meaningful owners.

When we meet with directors, we'll be asking them what they have done to add value to the their company. We will look at issues that affect their own objectivity and their ability to devote sufficient time to board work: the number of boards they serve on and whether they represent cross-directorships, for example.

We shouldn't let the underperformers with bloated payrolls off the hook. But Calpers and many other institutional investors will continue to advocate real long-term growth and recognize, as Mr. Clinton did on Thursday, those who resist short-termism. We will listen to quality boards that commit to actively pursue long-term growth.

With this structure in place, America will see an end to what's been called the ''looting of corporate America's human capital.'' It can't happen soon enough.●

THE 1995 FEDERAL AVIATION ADMINISTRATION EN ROUTE FACILITY OF THE YEAR

● Mr. GREGG. Mr. President, I wish to pay tribute to an outstanding group of Federal Aviation Administration officials—the air traffic controllers at Boston Center Local in Nashua, NH. This outstanding group of dedicated Federal employees has been awarded by the U.S. Department of Transportation, Federal Aviation Administration, the 1995 Federal Aviation Administration En Route Facility of the Year Award.

Keeping our skyways safe for both national and international flights is what this group's work is all about. I applaud all of the hard work and dedication they have demonstrated in serving the public. I wish to extend my most sincere congratulations to the employees of the Boston Air Route Traffic Control Center, in Nashua, NH. I am confident that this distinguished group of individuals will continue to enjoy continued success in the future. I ask that the attached commendation reflecting the sentiments of both the House of Representatives and the Senate be printed in the RECORD.

The commendation follows:

A COMMENDATION—BOSTON AIR ROUTE TRAFFIC CONTROL CENTER: 1995 FEDERAL AVIATION ADMINISTRATION EN ROUTE FACILITY OF THE YEAR

Whereas, The Boston Air Route Traffic Control Center, located in Nashua, New Hampshire, has been awarded the United States Department of Transportation, Federal Aviation Administration's 1995 En route Facility of the Year Award; and

Wheres, The employees of the Boston Air Route Traffic Control Center are recognized nationally for their exemplary service provided to the flying public of New Hampshire, New England, and worldwide; and

Whereas, The employees of the Boston Air Route Traffic Control Center have focused on being proactive in their mission to efficiently serve the public and on improving the total service to the aviation industry, flying public, local community, and Federal Government; and

Whereas, Boston Air Route Traffic Control Center employees have made extensive contributions to our local communities and are actively involved in charitable organizations; and

Whereas, the Boston Air Route Traffic Control Center level of operations, employee activities, and special projects in 1995 were unprecedented; therefore be it

Resolved, That the employees of the Boston Air Route Traffic Control Center are commended by the 104th Congress of the United States for their service cited by this award.●

NATIONAL ENVIRONMENTAL EDUCATION AMENDMENTS ACT

● Mr. MOYNIHAN. Mr. President, I rise in support of the National Environmental Education Amendments Act, a measure which I am proud to cosponsor. I was also proud to support the original enacting legislation in 1990. This bill is designed to extend the life of the National Environmental Education and Training Foundation [NEETF], which was established in 1990 to meet critical environmental needs in the very best way we know how. It relies on solid, reputable science to bring broad-based environmental education to citizens and workers across the country and around the world.

Specifically, the Foundation serves as a link between public and private resources. It administers a matching grant program to encourage, leverage, and manage private gifts for environmental education. Those funds are spent on school projects, after-school activities, worker training, and adult education.

In my home State of New York, the Foundation has sponsored approximately 80 projects, which I expect will have tremendous impact on the participants and many others. One grant was awarded to the High School for Environmental Studies Project, sponsored by the Council on the Environment of New York City, to infuse environmental awareness into all subjects in the 9th through 12th grade curricula. The NEETF also sponsored a bilingual program addressing environmental issues affecting Harlem residents through the waste reduction demonstration project, which is part of the Harlem environmental impact project. In Cortland, NY, NEETF operates an environmental education after-school program for elementary students. These projects share a common theme: They are visionary and proactive efforts to make citizens better informed about issues which affect them.

In the June 10th issue of US News & World Report, Michael Satchell writes about the growing criticism of environmental education in this country. Although some 20 States now require or strongly encourage environmental education, the quality of the education is spotty and the criticism from some camps has been overly pointed. The answer is not to abandon environmental education; there are identifiable risks about which the public deserves honest information. Rather, we should encourage fair, credible education based on solid science—a philosophy which is very much consistent with the mission of the NEETF.

I urge my colleagues to join me in support of this program.●

CONGRATULATIONS TO SOCIAL SECURITY ADMINISTRATION'S TAMPA TELESERVICE CENTER

●Mr. GRAHAM. Mr. President, for years, many of us have urged the Federal Government to revamp the way it provides services. Three years ago, Vice President AL GORE made this mission his own. And in that time, the National Performance Review—better known as Reinventing Government—has brought about notable improvements in the way our Government does business.

Today, I am very proud to recognize one of the brightest stars in the Reinventing Government initiative: the Social Security Administration's Tampa Teleservice Center.

Last month, Vice President GORE selected the Tampa Teleservice Center as a recipient of his Hammer Award. Mr. President, the Hammer Award recognizes both individuals and teams of Government workers who have made a significant contribution to the National Performance Review principles

of putting customers first, cutting red tape, empowering employees, and getting back to basics.

Mr. President, the Tampa Teleservice Center's commitment to serving clients in a timely, helpful, and courteous manner is exactly the kind of service that Reinventing Government intended.

In a cynical era where Government agencies are frequently accused of being unresponsive, the Tampa Teleservice Center is proof that services can be delivered quickly and skillfully. Over 90 percent of the calls it receives each year are handled to completion, with no need for further contact.

That's an incredible record. And perhaps the most impressive part is that the Social Security Administration has improved its performance so much that is now rated as the best in telephone customer service from a list of nine service providers—including respected companies like Nordstrom L.L Bean, Disney, and Federal Express. these companies are in a league of their own when it comes to customer service, and even they are not in the Social Security Administration's league.

This achievement is particularly impressive when one considers the difficult task assigned to Social Security telephone agents. The sheer volume of calls that these agents handle is daunting. So is the complex nature of many of the customers' questions.

The Tampa Teleservice Center is to be commended for its skill in handling this difficult task. Last year, its agents assisted over one million satisfied customers.

I join Vice President GORE in saluting this significant achievement. The workers of the Social Security Administration's Tampa Teleservice Center truly embody the best principles of public service.●

CONVERSION OF POSITIONS IN THE U.S. FIRE ADMINISTRATION

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 432, which is S. 1488.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1488) to convert certain excepted service positions in the United States Fire Administration to competitive service positions, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LOTT. Mr. President, I ask unanimous consent that the bill be deemed read three times, passed, the motion to reconsider be laid upon the table, and that any statements relating thereto appear at the appropriate place in the RECORD as if read.

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

The bill (S. 1488) was deemed read for a third time, and passed, as follows:

S. 1488

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONVERSION OF CERTAIN EXCEPTED SERVICE POSITIONS IN THE UNITED STATES FIRE ADMINISTRATION TO COMPETITIVE SERVICE POSITIONS.

(a) IN GENERAL.—No later than the date described under subsection (d)(1), the Director of the Federal Emergency Management Agency and the Director of the Office of Personnel Management shall take such actions as necessary to convert each excepted service position established before the date of the enactment of this Act under section 7(c)(4) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206(c)(4)) to a competitive service position.

(b) EFFECT ON EMPLOYEES.—Any employee employed on the date of the enactment of this Act in an excepted service position converted under subsection (a)—

(1) shall remain employed in the competitive service position so converted without a break in service;

(2) by reason of such conversion, shall have no—

(A) diminution of seniority;

(B) reduction of cumulative years of service; and

(C) requirement to serve an additional probationary period applied; and

(3) shall retain their standing and participation with respect to chapter 83 or 84 of title 5, United States Code, relating to Federal retirement.

(c) PROSPECTIVE COMPETITIVE SERVICE POSITIONS.—Section 7(c)(4) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206(c)(4)) is amended to read as follows:

''(4) appoint faculty members to competitive service positions and with respect to temporary and intermittent services, to make appointments of consultants to the same extent as is authorized by section 3109 of title 5, United States Code;''.

(d) EFFECTIVE DATE.—(1) Except as provided under paragraph (2), this Act shall take effect on the first day of the first pay period, applicable to the positions described under subsection (a), beginning after the date of the enactment of this Act.

(2)(A) The Director of the Federal Emergency Management Agency and the Director of the Office of Personnel Management shall take such actions as directed under subsection (a) on and after the date of the enactment of this Act.

(B) Subsection (c) shall take effect on the date of the enactment of this Act.

AUTHORITY FOR COMMITTEE TO REPORT

Mr. LOTT. Mr. President, I ask unanimous consent that on Monday, June 17, the Special Committee on Whitewater have until midnight to file any reported items.

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

RESOLUTION ON CHURCH BURNINGS

Mr. LOTT. Mr. President, I understand that perhaps there had been some misinformation about passing a resolution with regard to the church burnings that have been occurring. We all agree this is a despicable act and one that the Senate wants to speak on in a resolution.

I have discussed this matter with the distinguished Democratic leader. It is our intent to work together to see if we cannot come to an agreement on whether there would be a bipartisan bill tomorrow so that we can express ourselves and express the Senate's feeling on this very important matter. It is our intent to pursue that with those who have offered resolutions to address this issue.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. DASCHLE. Mr. President, let me express my hope that we can do just as the majority leader has suggested. There is great interest in the Senate in putting this body on record in a way that will allow us to express ourselves on these hideous fires. We can do that, and I hope we can work together to find a way, a resolution, that will allow us to do that as early as tomorrow. I intend to talk to Senator MOSELEY-BRAUN and Members on my side. We will work with the majority leader to see if we can make that happen.

Mr. LOTT. Mr. President, I note that Senator HUTCHISON, the Senator from Texas, has been very interested in this. She will be involved in trying to work that issue out. Also, Senator FAIRCLOTH has some legislation in this area. We will be working on this together to get it done in a very quick fashion.

UNANIMOUS CONSENT AGREEMENT—S. 1745

Mr. LOTT. Mr. President, I ask unanimous consent that at 10 a.m. on Tuesday, June 18, 1996, the Senate proceed to the consideration of Calendar No. 433, S. 1745, the DOD authorization bill for debate only prior to recess.

Mr. DASCHLE. Reserving the right to object, Mr. President, let me just point out that when we considered the scheduling of the State Department authorization bill some time ago—in fact, as I understand it, it was December 7, 1995—I had an opportunity to conduct a colloquy with the majority leader at the time, Senator DOLE. I asked him if it was his intention to bring up the chemical weapons convention at some point during the second session of Congress. His answer was that it was his intention to consider the convention in a reasonable time period, once the convention is on the Executive Calendar.

It has been on the calendar now since April 30. I fully appreciate that the distinguished majority leader is just beginning to put his plans for the legislative schedule together and I would not expect that he would have a date certain, but I ask the majority leader whether the chemical weapons convention could be considered, and if it is his intention to consider the treaty at some point in the future as we take up this particular bill that is very important to many of our Members, and I think some clarification with regard to his intent would be very helpful.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I would like to respond to the distinguished Democratic leader. I think that is a reasonable request.

He is right. I have been on the job as majority leader for a little more than 24 hours, and there are a lot of issues that we are working together on. We are making some progress on those. We will continue to work on the health care reform, and we have not been able to get the budget resolution passed so we can move on to the appropriations calendar.

This is an issue that I had done some work on as the whip, just trying to get an agreement on some other issues, including the missile defense issue. I had never really discussed it, in terms of its relationship to the DOD authorization bill. I know that there are a couple of Senators who have some concerns about it. I have not had a chance to sit down and be briefed with them.

I have a meeting of our committee chairmen scheduled for early next week, Tuesday. I would like to ask the chairman of the committee exactly what his situation is on this legislation. It is obviously very important. The chemical weapons convention is something that we are all concerned about. I think it should be given proper consideration. I hate to use the words reasonable time, because that is what the leader did use in his response to your question at that time, and I believe it was reported out of committee on April 30.

It is not my intention to withhold this convention, but I do want to understand what the problems are, how much time we would be talking about in bringing it up. As the Senator knows, we have a limited number of days in which to do a lot of important work. But I will say this, I am going to talk to those Senators, hopefully tomorrow if they are here, but certainly early next week. And I will get back to the Democratic leader and we will talk about how we can work out an agreement on this issue.

I cannot make a commitment on a date certain at this time because I do not know what the situation is. If you will give me the benefit of a few days, I will try to give a more responsive answer at that time.

Mr. DASCHLE. Mr. President, under the circumstances think that is an appropriate answer and I appreciate the majority leader's willingness to work with us in finding a mutually acceptable time.

With that, I have no objection.

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

Mr. LOTT. I thank very much the distinguished Democratic leader.

ORDERS FOR TUESDAY, JUNE 18, 1996

Mr. LOTT. Mr. President, I further ask the Senate stand in recess between the hours of 12:30 p.m. and 2:15 p.m. on Tuesday in order for the weekly party caucuses to meet.

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

Mr. LOTT. I further ask when the Senate reconvenes at 2:15 on Tuesday, the majority leader be recognized.

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

ORDERS FOR FRIDAY, JUNE 14, 1996

Mr. LOTT. Mr. President, I now ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9:30 a.m. on Friday, June 14; further, that immediately following the prayer, the Journal of proceedings be deemed approved to date, that no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day and that there then be a period for morning business until the hour of 12 noon, with Senators to speak for up to 5 minutes each with the following exceptions: Senator COVERDELL or his designee to have up to 90 minutes under his control, from 9:30 to 11; Senator BINGAMAN, 15 minutes; Senator MURKOWSKI, 15 minutes; Senator KEMPTHORNE for 10 minutes; Senator DASCHLE or his designee, 20 minutes.

I further ask unanimous consent that at 12 noon the Senate resume executive session and the consideration of the nomination of Alan Greenspan.

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

PROGRAM

Mr. LOTT. For the information of all Senators, tomorrow, following the period for morning business, the Senate will resume debate on the Greenspan nomination. No rollcall votes will occur during Friday's session of the Senate, and the Senate may consider any other executive or legislative items that can be cleared for action.

Also, it is, I believe, after discussion with the Democratic leader, our intent that there not be a session on Monday.

Then we will go in, I believe, at 9:30 on Tuesday, for the action under the agreement just reached.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. LOTT. If there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:28 p.m, adjourned until Friday, June 14, 1996, at 9:30 a.m.